

AMENDED IN ASSEMBLY MARCH 18, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 64**

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**Introduced by Assembly Members ~~Krekorian, Bass, and Blakeslee~~  
*Krekorian and Bass***

December 9, 2008

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An act to amend Section 25500 of, and to repeal Chapter 4.3 (commencing with Section 25330) of Division 15 of, the Public Resources Code, and to amend Section 454.5 of, to amend and repeal Section 387 of, to add Section 399.23 to, to add Chapter 4.5 (commencing with Section 950) to Part 1 of Division 1 of, and to repeal Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of, the Public Utilities Code, relating to energy, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 64, as amended, Krekorian. Energy: renewable energy resources: generation and transmission.

(1) The Public Utilities Act imposes various duties and responsibilities on the Public Utilities Commission with respect to the purchase of electricity and requires the commission to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program. The program requires that a retail seller of electricity, including electrical corporations, community choice aggregators, and electric service providers, but not including local publicly owned electric utilities, purchase a specified minimum percentage of electricity generated by eligible renewable energy resources, as defined, in any given year as a specified percentage of total kilowatthours sold to retail

end-use customers each calendar year (renewables portfolio standard). The renewables portfolio standard requires each retail seller to increase its total procurement of eligible renewable energy resources by at least an additional 1% of retail sales per year so that 20% of its retail sales are procured from eligible renewable energy resources no later than December 31, 2010. Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to certify eligible renewable energy resources and to design and implement an accounting system to verify compliance with the renewables portfolio standard by retail sellers. Under existing law the governing board of a local publicly owned electric utility is responsible for implementing and enforcing a renewables portfolio standard for the utility that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard on rates, reliability, and financial resources and the goal of environmental improvement.

This bill would recast the renewables portfolio standard program, to be operative on January 1, 2011, to require that a retail seller and a local publicly owned electric utility: (1) procure at least 20% of the electricity delivered to its retail customers from eligible renewable energy resources by December 31, 2010, (2) procure at least 25% of the electricity delivered to its retail customers from eligible renewable energy resources by December 31, 2015, (3) procure at least 35% of the electricity delivered to its retail customers from eligible renewable energy resources by December 31, 2020, and (4) have a goal of procuring at least 50% of the electricity delivered to its retail customers from eligible renewable energy resources by December 31, 2035. The commission would be responsible for implementing these requirements for retail sellers, while the governing board would be responsible for implementing these requirements for a local publicly owned electric utility. The bill would require the commission to establish annual procurement targets for retail sellers that are sufficient to reach the above-stated requirements. The bill would require that an electrical corporation's renewable energy procurement plan include a process that provides criteria for the rank ordering and selection of eligible renewable energy resources to comply with the above-stated procurement requirements so that each corporation's total renewables portfolio benefits ratepayers. The bill would require the commission to annually establish and adopt a benchmark price for electricity generated by an eligible renewable energy resource, for terms corresponding to the length of contracts, in

consideration of specified matter, and for each electrical corporation, to establish a limitation on the total costs expended above the benchmark prices for procurement of electricity pursuant to the renewables portfolio standard. The bill would require the commission to allow an electrical corporation or other retail seller to limit its procurement to the quantity of eligible renewable energy resources that can be purchased at or below the cost limitation if insufficient to support the total costs expended above the benchmark price. The bill would revise existing law with respect to the use of renewable energy credits to meet the renewables portfolio standard procurement requirements to and would allow retail sellers and local publicly owned electric utilities to utilize a declining percentage of credits earned on electricity that is not delivered, as defined, to the state.

Existing law requires every electrical corporation to file with the commission a standard tariff for electricity generated by an electric generation facility, as defined, that is owned and operated by a retail customer of the electrical corporation. Existing law requires that the electric generation facility: (1) have an effective capacity of not more than 1.5 megawatts and be located on property owned or under the control of the customer, (2) be interconnected and operate in parallel with the electric transmission and distribution grid, (3) be strategically located and interconnected to the electric transmission system in a manner that optimizes the deliverability of electricity generated at the facility to load centers, and (4) meet the definition of an eligible renewable energy resource under the California Renewables Portfolio Standard Program. Existing law requires that the tariff provide for payment for every kilowatthour of electricity generated by an electric generation facility at a market price referent established by the commission pursuant to the program. Existing law requires the electrical corporation to make this tariff available to customers that own and operate an electric generation facility within the service territory of the electrical corporation, upon request, on a first-come-first-served basis, until the combined statewide cumulative rated generating capacity of those electric generation facilities equals 500 megawatts, or the electrical corporation meets its proportionate share of the 500 megawatt limit based upon the ratio of its peak demand to total statewide peak demand of all electrical corporations. Existing law authorizes the commission to modify or adjust the above-described requirements for any electrical corporation with less than 100,000 service connections, as individual circumstances merit. Existing law provides that the electricity generated

by an electric generation facility counts toward the electrical corporation's renewables portfolio standard and provides that the physical generating capacity counts toward meeting the electrical corporation's resource adequacy requirements.

This bill would instead require an electrical corporation to file with the commission a standard tariff for the electricity purchased from a small-scale renewable distributed generation facility, as defined, that is owned, leased, or rented by a retail customer of the electrical corporation. The bill would revise the first requirement, discussed above, to instead require that the small-scale renewable distributed generation facility have an effective capacity of not more than 5 megawatts, subject to the authority of the commission to reduce this megawatt limitation, discussed below. The bill would require that the tariff provide for a base payment rate for every kilowatthour of electricity purchased from a small-scale renewable distributed generation facility at the benchmark price established by the commission pursuant to the California Renewables Portfolio Standard Program, for a period of 10, 15, or 20 years, as authorized by the commission. The bill would authorize the commission to adjust the payment rate to reflect the value of the electricity on a time-of-delivery basis and any other attributes of renewable generation and require, with respect to rates and charges, that ratepayers that do not receive service pursuant to the tariff are indifferent, with respect to rates and charges, to whether other ratepayers receive service pursuant to the tariff. The bill would require the electrical corporation to make the tariff available to any customer that owns, leases, or rents a small-scale renewable distributed generation facility within the service territory of the electrical corporation, upon request, on a first-come-first-served basis, until the combined statewide cumulative rated generating capacity of those facilities subject to tariffs with electrical corporations reaches 500 megawatts, or its proportionate share of that limit. The bill would provide that the electricity purchased from a small-scale renewable distributed generation facility count toward meeting the electrical corporation's renewables portfolio standard and that electricity generated by the small-scale renewable distributed generation facility count toward meeting the electrical corporation's resource adequacy requirements. The bill would require the commission, in consultation with the ISO, to monitor and examine the impact on the transmission and distribution grid and any effects upon ratepayers resulting from small-scale renewable distributed generation facilities operating pursuant to the bill's provisions, would require the commission

to establish performance standards for any small-scale renewable distributed generation facility that has a capacity greater than one megawatt to ensure that those facilities are constructed, operated, and maintained to generate the expected annual net production of electricity and do not impact system reliability, and would authorize the commission to reduce the 5 megawatt capacity limitation if the commission finds that a reduced capacity limitation is necessary to maintain system reliability within that electrical corporation's service territory. The bill would recast the existing authority of the commission to modify or adjust the above-described requirements for any electrical corporation with less than 100,000 service connections, as individual circumstances merit.

This bill would require a local publicly owned electric utility that sells electricity at retail to 75,000 or more customers to adopt and implement a tariff for electricity purchased from a small-scale renewable distributed generation facility meeting certain size, deliverability, and interconnection requirements and to consider certain factors. The bill would require the local publicly owned electric utility to make the tariff available to customers that own and operate a small-scale renewable distributed generation facility within the service territory of the utility, upon request, on a first-come-first-served basis, until the combined statewide cumulative rated generating capacity of those small-scale renewable distributed generation facilities, subject to tariffs with local publicly owned electric utilities, reaches 250 megawatts. The bill would provide that the electricity purchased from a small-scale renewable distributed generation facility count toward meeting the local publicly owned electric utility's renewables portfolio standard annual procurement targets.

(2) Existing law creates the California Consumer Power and Conservation Financing Authority, with powers and responsibilities as prescribed, including the issuance of revenue bonds, for the purposes of augmenting electric generating facilities and to ensure a sufficient and reliable supply of electricity, financing incentives for investment in cost-effective energy-efficient appliances and energy demand reduction, achieving a specified energy capacity reserve level, providing financing for the retrofit of inefficient electric powerplants, and renewable energy and conservation. Existing law creates in the State Treasury the California Consumer Power and Conservation Financing Authority Fund, and continuously appropriates all money in the fund, except as specified, for the support of the authority. Existing law

prohibits the authority from approving any new program, enterprise, or project, on or after January 1, 2007, unless authority to approve such an activity is granted by statute enacted on or before January 1, 2007.

This bill would establish the Renewables Infrastructure Authority, with powers and responsibilities as prescribed, including the issuance of revenue bonds of up to \$6,400,000,000, for the purposes of financing projects and programs, as defined, to build eligible renewable energy resources and electric transmission lines, as defined, to deliver the electricity generated to retail customers. The authority would have a 9-member governing board, as prescribed. The bill would establish the Renewables Infrastructure Authority Fund and continuously appropriate moneys in the fund, except as specified, for the authority's purposes.

The bill would authorize the authority to designate an area as a renewable energy designation zone, as defined. Each city or county would be required to consider the designated zone when making a determination regarding a land use change within or adjacent to the zone that could affect its continuing viability to accommodate energy generation facilities, related transmission lines, transmission corridor zones, or other facilities appurtenant to the designated zone. Notwithstanding provisions of law that give the Energy Commission authority to certify certain thermal powerplants and related facilities, the authority would have the authority to certify all sites and related facilities in a designated renewable energy designation zone, including new sites and related facilities and changes or additions to an existing facility.

The bill would authorize the authority to certify all electric transmission lines, remote resource interconnection lines, electric transmission facilities and facilities appurtenant thereto, and related facilities in the state, except any electric transmission lines or facilities appurtenant thereto for which the commission has issued a certificate of public convenience and necessity, or which any municipal utility has approved, before January 1, 2010, and electric transmission lines that connect generation facilities to the high-voltage transmission grid that are under the certification authority of the Energy Commission.

(3) Existing law authorizes the Energy Commission to designate a transmission corridor zone on its own motion or by application of a person who plans to construct a high-voltage electric transmission line within the state. Existing law provides that the designation of a transmission corridor shall serve to identify a feasible corridor where a future transmission line can be built that is consistent with the state's

needs and objectives as set forth in the strategic plan adopted by the commission. Existing law prescribes procedures for the designation of a transmission corridor zone, including publication of the request for designation and request for comments, coordination with federal agencies and California Native American tribes, informational hearings, and requirements for a proposed decision.

This bill would repeal these provisions of law, and would give to the Renewables Infrastructure Authority the authority to designate transmission corridor zones.

(4) Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime. Because some of the provisions of this bill would require an order or other action of the commission to implement its provisions, and a violation of that order or action would be a crime, the bill would impose a state-mandated local program by creating a new crime. By placing additional requirements upon local publicly owned electric utilities, which are entities of local government, and new requirements upon city and county governments, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 4.3 (commencing with Section 25330)  
2 of Division 15 of the Public Resources Code is repealed.  
3 SEC. 2. Section 25500 of the Public Resources Code is  
4 amended to read:  
5 25500. (a) In accordance with the provisions of this division,  
6 and except as otherwise provided in Article 7 (commencing with  
7 Section 990) of Chapter 4.5 of Part 1 of Division 1 of the Public  
8 Utilities Code, the commission shall have the exclusive power to  
9 certify all sites and related facilities in the state, whether a new  
10 site and related facility or a change or addition to an existing  
11 facility. The issuance of a certificate by the commission shall be  
12 in lieu of any permit, certificate, or similar document required by

1 any state, local or regional agency, or federal agency to the extent  
2 permitted by federal law, for such use of the site and related  
3 facilities, and shall supersede any applicable statute, ordinance, or  
4 regulation of any state, local, or regional agency, or federal agency  
5 to the extent permitted by federal law.

6 (b) After the effective date of this division, no construction of  
7 any facility or modification of any existing facility shall be  
8 commenced without first obtaining certification for any such site  
9 and related facility by the commission, as prescribed in this  
10 division.

11 SEC. 3. Section 387 of the Public Utilities Code is amended  
12 to read:

13 387. (a) Each governing body of a local publicly owned electric  
14 utility shall be responsible for implementing and enforcing a  
15 renewables portfolio standard that accomplishes all of the  
16 following:

17 (1) Procures at least 20 percent of the electricity delivered to  
18 its retail customers from eligible renewable energy resources, as  
19 defined in Section 952, by December 31, 2010.

20 (2) Procures at least 25 percent of the electricity delivered to  
21 its retail customers from eligible renewable energy resources, as  
22 defined in Section 952, by December 31, 2015.

23 (3) Procures at least 35 percent of the electricity delivered to  
24 its retail customers from eligible renewable energy resources, as  
25 defined in Section 952, by December 31, 2020.

26 (4) Establishes a goal of procuring at least 50 percent of the  
27 electricity delivered to its retail customers from eligible renewable  
28 energy resources, as defined in Section 952, by December 31,  
29 2035.

30 (b) Each local publicly owned electric utility shall report, on an  
31 annual basis, to its customers and to the State Energy Resources  
32 Conservation and Development Commission, all of the following:

33 (1) Expenditures of public goods funds collected pursuant to  
34 Section 385 for eligible renewable energy resource development.  
35 Reports shall contain a description of programs, expenditures, and  
36 expected or actual results.

37 (2) The resource mix used to serve its customers by fuel type.  
38 Reports shall contain the contribution of each type of renewable  
39 energy resource with separate categories for those fuels that are  
40 eligible renewable energy resources as defined in Section 399.12,



1 except that the electricity is delivered to the local publicly owned  
2 electric utility and not a retail seller. Electricity shall be reported  
3 as having been delivered to the local publicly owned electric utility  
4 from an eligible renewable energy resource when the electricity  
5 would qualify for compliance with the renewables portfolio  
6 standard if it were delivered to a retail seller.

7 (3) The utility's status in implementing a renewables portfolio  
8 standard pursuant to subdivision (a) and the utility's progress  
9 toward attaining the standard following implementation.

10 (c) This section shall remain in effect only until January 1, 2011,  
11 and as of that date is repealed, unless a later enacted statute, that  
12 is enacted before January 1, 2011, deletes or extends that date.

13 SEC. 4. Section 399.23 is added to the Public Utilities Code,  
14 to read:

15 399.23. This article shall remain in effect only until January  
16 1, 2011, and as of that date is repealed, unless a later enacted  
17 statute, that is enacted before January 1, 2011, deletes or extends  
18 that date.

19 SEC. 5. Section 454.5 of the Public Utilities Code is amended  
20 to read:

21 454.5. (a) The commission shall specify the allocation of  
22 electricity, including quantity, characteristics, and duration of  
23 electricity delivery, that the Department of Water Resources shall  
24 provide under its power purchase agreements to the customers of  
25 each electrical corporation, which shall be reflected in the electrical  
26 corporation's proposed procurement plan. Each electrical  
27 corporation shall file a proposed procurement plan with the  
28 commission not later than 60 days after the commission specifies  
29 the allocation of electricity. The proposed procurement plan shall  
30 specify the date that the electrical corporation intends to resume  
31 procurement of electricity for its retail customers, consistent with  
32 its obligation to serve. After the commission's adoption of a  
33 procurement plan, the commission shall allow not less than 60  
34 days before the electrical corporation resumes procurement  
35 pursuant to this section.

36 (b) An electrical corporation's proposed procurement plan shall  
37 include, but not be limited to, all of the following:

38 (1) An assessment of the price risk associated with the electrical  
39 corporation's portfolio, including any utility-retained generation,  
40 existing power purchase and exchange contracts, and proposed

1 contracts or purchases under which an electrical corporation will  
2 procure electricity, electricity demand reductions, and  
3 electricity-related products and the remaining open position to be  
4 served by spot market transactions.

5 (2) A definition of each electricity product, electricity-related  
6 product, and procurement related financial product, including  
7 support and justification for the product type and amount to be  
8 procured under the plan.

9 (3) The duration of the plan.

10 (4) The duration, timing, and range of quantities of each product  
11 to be procured.

12 (5) A competitive procurement process under which the  
13 electrical corporation may request bids for procurement-related  
14 services, including the format and criteria of that procurement  
15 process.

16 (6) An incentive mechanism, if any incentive mechanism is  
17 proposed, including the type of transactions to be covered by that  
18 mechanism, their respective procurement benchmarks, and other  
19 parameters needed to determine the sharing of risks and benefits.

20 (7) The upfront standards and criteria by which the acceptability  
21 and eligibility for rate recovery of a proposed procurement  
22 transaction will be known by the electrical corporation prior to  
23 execution of the transaction. This shall include an expedited  
24 approval process for the commission's review of proposed contracts  
25 and subsequent approval or rejection thereof. The electrical  
26 corporation shall propose alternative procurement choices in the  
27 event a contract is rejected.

28 (8) Procedures for updating the procurement plan.

29 (9) A showing that the procurement plan will achieve the  
30 following:

31 (A) The electrical corporation will, in order to fulfill its unmet  
32 resource needs, procure resources from eligible renewable energy  
33 resources in an amount sufficient to meet its procurement  
34 requirements and goals pursuant to the renewables portfolio  
35 standard.

36 (B) The electrical corporation will create or maintain a  
37 diversified procurement portfolio consisting of both short-term  
38 and long-term electricity and electricity-related and demand  
39 reduction products.

1 (C) The electrical corporation will first meet its unmet resource  
2 needs through all available energy efficiency and demand reduction  
3 resources that are cost effective, reliable, and feasible.

4 (10) The electrical corporation's risk management policy,  
5 strategy, and practices, including specific measures of price  
6 stability.

7 (11) A plan to achieve appropriate increases in diversity of  
8 ownership and diversity of fuel supply of nonutility electrical  
9 generation.

10 (12) A mechanism for recovery of reasonable administrative  
11 costs related to procurement in the generation component of rates.

12 (c) The commission shall review and accept, modify, or reject  
13 each electrical corporation's procurement plan. The commission's  
14 review shall consider each electrical corporation's individual  
15 procurement situation, and shall give strong consideration to that  
16 situation in determining which one or more of the features set forth  
17 in this subdivision shall apply to that electrical corporation. A  
18 procurement plan approved by the commission shall contain one  
19 or more of the following features, provided that the commission  
20 may not approve a feature or mechanism for an electrical  
21 corporation if it finds that the feature or mechanism would impair  
22 the restoration of an electrical corporation's creditworthiness or  
23 would lead to a deterioration of an electrical corporation's  
24 creditworthiness:

25 (1) A competitive procurement process under which the  
26 electrical corporation may request bids for procurement-related  
27 services. The commission shall specify the format of that  
28 procurement process, as well as criteria to ensure that the auction  
29 process is open and adequately subscribed. Any purchases made  
30 in compliance with the commission-authorized process shall be  
31 recovered in the generation component of rates.

32 (2) An incentive mechanism that establishes a procurement  
33 benchmark or benchmarks and authorizes the electrical corporation  
34 to procure from the market, subject to comparing the electrical  
35 corporation's performance to the commission-authorized  
36 benchmark or benchmarks. The incentive mechanism shall be  
37 clear, achievable, and contain quantifiable objectives and standards.  
38 The incentive mechanism shall contain balanced risk and reward  
39 incentives that limit the risk and reward of an electrical corporation.

(3) Upfront achievable standards and criteria by which the acceptability and eligibility for rate recovery of a proposed procurement transaction will be known by the electrical corporation prior to the execution of the bilateral contract for the transaction. The commission shall provide for expedited review and either approve or reject the individual contracts submitted by the electrical corporation to ensure compliance with its procurement plan. To the extent the commission rejects a proposed contract pursuant to this criteria, the commission shall designate alternative procurement choices obtained in the procurement plan that will be recoverable for ratemaking purposes.

(d) A procurement plan approved by the commission shall accomplish each of the following objectives:

(1) Enable the electrical corporation to fulfill its obligation to serve its customers at just and reasonable rates.

(2) Eliminate the need for after-the-fact reasonableness reviews of an electrical corporation's actions in compliance with an approved procurement plan, including resulting electricity procurement contracts, practices, and related expenses. However, the commission may establish a regulatory process to verify and assure that each contract was administered in accordance with the terms of the contract, and contract disputes which may arise are reasonably resolved.

(3) Ensure timely recovery of prospective procurement costs incurred pursuant to an approved procurement plan. The commission shall establish rates based on forecasts of procurement costs adopted by the commission, actual procurement costs incurred, or combination thereof, as determined by the commission. The commission shall establish power procurement balancing accounts to track the differences between recorded revenues and costs incurred pursuant to an approved procurement plan. The commission shall review the power procurement balancing accounts, not less than semiannually, and shall adjust rates or order refunds, as necessary, to promptly amortize a balancing account, according to a schedule determined by the commission. Until January 1, 2006, the commission shall ensure that any overcollection or undercollection in the power procurement balancing account does not exceed 5 percent of the electrical corporation's actual recorded generation revenues for the prior calendar year excluding revenues collected for the Department of

1 Water Resources. The commission shall determine the schedule  
2 for amortizing the overcollection or undercollection in the  
3 balancing account to ensure that the 5 percent threshold is not  
4 exceeded. After January 1, 2006, this adjustment shall occur when  
5 deemed appropriate by the commission consistent with the  
6 objectives of this section.

7 (4) Moderate the price risk associated with serving its retail  
8 customers, including the price risk embedded in its long-term  
9 supply contracts, by authorizing an electrical corporation to enter  
10 into financial and other electricity-related product contracts.

11 (5) Provide for just and reasonable rates, with an appropriate  
12 balancing of price stability and price level in the electrical  
13 corporation's procurement plan.

14 (e) The commission shall provide for the periodic review and  
15 prospective modification of an electrical corporation's procurement  
16 plan.

17 (f) The commission may engage an independent consultant or  
18 advisory service to evaluate risk management and strategy. The  
19 reasonable costs of any consultant or advisory service is a  
20 reimbursable expense and eligible for funding pursuant to Section  
21 631.

22 (g) The commission shall adopt appropriate procedures to ensure  
23 the confidentiality of any market sensitive information submitted  
24 in an electrical corporation's proposed procurement plan or  
25 resulting from or related to its approved procurement plan,  
26 including, but not limited to, proposed or executed power purchase  
27 agreements, data request responses, or consultant reports, or any  
28 combination, provided that the ~~Office~~ *Division* of Ratepayer  
29 Advocates and other consumer groups that are nonmarket  
30 participants shall be provided access to this information under  
31 confidentiality procedures authorized by the commission.

32 (h) Nothing in this section alters, modifies, or amends the  
33 commission's oversight of affiliate transactions under its rules and  
34 decisions or the commission's existing authority to investigate and  
35 penalize an electrical corporation's alleged fraudulent activities,  
36 or to disallow costs incurred as a result of gross incompetence,  
37 fraud, abuse, or similar grounds. Nothing in this section expands,  
38 modifies, or limits the State Energy Resources Conservation and  
39 Development Commission's existing authority and responsibilities

1 as set forth in Sections 25216, 25216.5, and 25323 of the Public  
2 Resources Code.

3 (i) An electrical corporation that serves less than 500,000 electric  
4 retail customers within the state may file with the commission a  
5 request for exemption from this section, which the commission  
6 shall grant upon a showing of good cause.

7 (j) (1) Prior to its approval pursuant to Section 851 of any  
8 divestiture of generation assets owned by an electrical corporation  
9 on or after September 24, 2002, the commission shall determine  
10 the impact of the proposed divestiture on the electrical  
11 corporation's procurement rates and shall approve a divestiture  
12 only to the extent it finds, taking into account the effect of the  
13 divestiture on procurement rates, that the divestiture is in the public  
14 interest and will result in net ratepayer benefits.

15 (2) Any electrical corporation's procurement necessitated as a  
16 result of the divestiture of generation assets on or after September  
17 24, 2002, shall be subject to the mechanisms and procedures set  
18 forth in this section only if its actual cost is less than the recent  
19 historical cost of the divested generation assets.

20 (3) Notwithstanding paragraph (2), the commission may deem  
21 proposed procurement eligible to use the procedures in this section  
22 upon its approval of asset divestiture pursuant to Section 851.

23 SEC. 6. Chapter 4.5 (commencing with Section 950) is added  
24 to Part 1 of Division 1 of the Public Utilities Code, to read:

25  
26 CHAPTER 4.5. CALIFORNIA RENEWABLES PORTFOLIO STANDARD  
27 PROGRAM  
28

29 Article 1. General Provisions and Definitions  
30

31 950. The Legislature finds and declares all of the following:

32 (a) In order to attain a target of generating 35 percent of total  
33 retail sales of electricity in California from eligible renewable  
34 energy resources by December 31, 2020, and the goal of generating  
35 50 percent by December 31, 2035, and for the purposes of the  
36 Legislative goals of the renewables portfolios standard, the  
37 commission, the Energy Commission, and each local publicly  
38 owned electric utility shall implement the California Renewables  
39 Portfolio Standard Program described in this chapter.

1 (b) A renewables portfolio standard that requires each retail  
2 supplier of electricity in California to meet at least 35 percent of  
3 its retail sales of electricity in California from eligible renewable  
4 resources is necessary to:

5 (1) Reduce emissions of greenhouse gases and California's  
6 contribution to global warming.

7 (2) Reduce the in-state consumption of nonrenewable fuels in  
8 order to improve the public health and air quality throughout the  
9 state.

10 (3) Stimulate sustainable economic development, encourage  
11 innovation in energy technologies, and create new employment  
12 opportunities.

13 (4) Increase fuel diversity and promote greater stability and  
14 predictability in electricity prices for consumers.

15 (c) Additional investments in electrical transmission  
16 infrastructure may be necessary to ensure reliability, relieve  
17 transmission congestion, and meet future growth in load and energy  
18 resources, including renewable energy resources.

19 (d) It is the policy of this state and the intent of the Legislature  
20 that adequate investments are made in a timely manner to facilitate  
21 the attainment of the renewable portfolio standard and to ensure  
22 that the state's electrical transmission system continues to operate  
23 in an efficient and reliable manner.

24 952. For purposes of this chapter, the following terms have the  
25 following meanings:

26 (a) "Conduit hydroelectric facility" means a facility for the  
27 generation of electricity that uses only the hydroelectric potential  
28 of an existing pipe, ditch, flume, siphon, tunnel, canal, or other  
29 manmade conduit that is operated to distribute water for a  
30 beneficial use.

31 (b) "Delivered" and "delivery" have the same meaning as  
32 provided in subdivision (a) of Section 25741 of the Public  
33 Resources Code.

34 (c) "Eligible renewable energy resource" means an electric  
35 generating facility that uses biomass, solar energy, wind,  
36 geothermal, fuel cells using renewable fuels, small hydroelectric  
37 generation of 30 megawatts or less, digester gas, landfill gas, ocean  
38 wave, ocean thermal, or tidal current, and any additions or  
39 enhancements to the facility using that technology, and that meets  
40 the general eligibility requirements of Section 953 and, when

1 applicable, the requirements for specific renewable energy sources  
2 of Section 954.

3 (d) “Procure” means that a retail seller receives delivered  
4 electricity generated by an eligible renewable energy resource that  
5 it owns or for which it has entered into an electricity purchase  
6 agreement. Nothing in this chapter is intended to imply that the  
7 purchase of electricity from third parties in a wholesale transaction  
8 is the preferred method of fulfilling a retail seller’s obligation to  
9 comply with this chapter.

10 (e) (1) “Renewable energy credit” means a certificate of proof,  
11 issued through the accounting system established by the Energy  
12 Commission pursuant to Section 970, that one unit of electricity  
13 was generated and delivered by an eligible renewable energy  
14 resource.

15 (2) “Renewable energy credit” includes all renewable and  
16 environmental attributes associated with the production of  
17 electricity from the eligible renewable energy resource, except for  
18 an emissions reduction credit issued pursuant to Section 40709 of  
19 the Health and Safety Code and any credits or payments associated  
20 with the reduction of solid waste and treatment benefits created  
21 by the utilization of biomass or biogas fuels.

22 (f) “Renewable generator” means the owner or operator of an  
23 eligible renewable energy resource with the authority to contract  
24 for the electricity generated by the facility.

25 (g) “Renewables portfolio standard” means the specified  
26 percentage of electricity generated by eligible renewable energy  
27 resources that a retail seller or local publicly owned electric utility  
28 is required to procure pursuant to this chapter.

29 (h) (1) “Retail seller” means an entity engaged in the retail sale  
30 of electricity to end-use customers located within the state,  
31 including any of the following:

32 (A) An electrical corporation.

33 (B) A community choice aggregator. The commission shall  
34 institute a rulemaking to determine the manner in which a  
35 community choice aggregator will participate in the renewables  
36 portfolio standard program subject to the same terms and conditions  
37 applicable to an electrical corporation.

38 (C) An electric service provider, as defined in Section 218.3.  
39 The commission shall determine the manner in which electric  
40 service providers will participate in the renewables portfolio



1 standard program. The electric service provider shall be subject  
2 to the same terms and conditions applicable to an electrical  
3 corporation pursuant to this chapter. Nothing in this paragraph  
4 shall impair a contract entered into between an electric service  
5 provider and a retail customer prior to the suspension of direct  
6 access by the commission pursuant to Section 80110 of the Water  
7 Code.

8 (2) "Retail seller" does not include any of the following:

9 (A) A corporation or person employing cogeneration technology  
10 or producing electricity consistent with subdivision (b) of Section  
11 218.

12 (B) The Department of Water Resources acting in its capacity  
13 pursuant to Division 27 (commencing with Section 80000) of the  
14 Water Code.

15 (C) A local publicly owned electric utility.

16 (i) "WECC" means the Western Electricity Coordinating  
17 Council.

18 953. To be eligible for meeting the renewables portfolio  
19 standard, an eligible renewable energy resource shall satisfy one  
20 of the following requirements:

21 (a) The facility is located in the state or near the border of the  
22 state with the first point of connection to the transmission network  
23 within this state and electricity produced by the facility is delivered  
24 to an in-state location.

25 (b) The facility has its first point of interconnection to the  
26 transmission network outside the state and satisfies all of the  
27 following requirements:

28 (1) It is connected to the transmission network within the WECC  
29 service territory.

30 (2) Electricity produced by the facility is delivered to an in-state  
31 location.

32 (3) It will not cause or contribute to any violation of a California  
33 environmental quality standard or requirement.

34 (4) If the facility is outside of the United States, it is developed  
35 and operated in a manner that is as protective of the environment  
36 as a similar facility located in the state.

37 (5) It participates in the accounting system to verify compliance  
38 with the renewables portfolio standard by retail sellers, once  
39 established by the Energy Commission pursuant to subdivision  
40 (a) of Section 975.

1 (6) It commences initial commercial operation after January 1,  
2 2005.

3 (c) The facility meets the requirements of paragraphs (1), (2),  
4 (3), (4), and (5) in subdivision (b), but does not meet the  
5 requirements of paragraph (6) because it commences initial  
6 operation prior to January 1, 2005, if the facility satisfies either of  
7 the following requirements:

8 (1) The electricity is from incremental generation resulting from  
9 expansion or repowering of the facility.

10 (2) The facility has been part of the existing baseline of eligible  
11 renewable energy resources of the retail seller or local publicly  
12 owned electric utility.

13 954. (a) (1) Except as provided in paragraph (2), a  
14 hydroelectric generation facility that is larger than 30 megawatts  
15 is not an eligible renewable energy resource.

16 (2) The incremental increase in the amount of electricity  
17 generated from a hydroelectric generation facility as a result of  
18 efficiency improvements at the facility, is electricity from an  
19 eligible renewable energy resource, without regard to the electrical  
20 output of the facility, if all of the following conditions are met:

21 (A) The incremental increase is the result of efficiency  
22 improvements from a retrofit that do not result in an adverse impact  
23 on instream beneficial uses or cause a change in the volume or  
24 timing of streamflow.

25 (B) The hydroelectric generation facility has, within the  
26 immediately preceding 15 years, received certification from the  
27 State Water Resources Control Board pursuant to Section 401 of  
28 the Clean Water Act (33 U.S.C. Sec. 1341), or has received  
29 certification from a regional board to which the state board has  
30 delegated authority to issue certification, unless the facility is  
31 exempt from certification because there is no potential for discharge  
32 into waters of the United States.

33 (C) The hydroelectric generation facility was operational prior  
34 to January 1, 2007, the efficiency improvements are initiated on  
35 or after January 1, 2008, the efficiency improvements are not the  
36 result of routine maintenance activities, as determined by the  
37 Energy Commission, and the efficiency improvements were not  
38 included in any resource plan sponsored by the facility owner prior  
39 to January 1, 2008.

(D) All of the incremental increase in electricity resulting from the efficiency improvements are demonstrated to result from a long-term financial commitment by the retail seller or local publicly owned electric utility. For purposes of this paragraph, “long-term financial commitment” means either new ownership investment in the facility by the retail seller or local publicly owned electric utility, or a new or renewed contract with a term of 10 or more years, which includes procurement of the incremental generation.

(b) (1) Except for a conduit hydroelectric generation facility operating pursuant to subdivision (c), a hydroelectric generation facility of 30 megawatts or less that was in operation prior to January 1, 2006, shall be eligible only if a retail seller or local publicly owned electric utility procured the electricity from the facility as of December 31, 2005.

(2) A hydroelectric generation facility of 30 megawatts or less that becomes operational on or after January 1, 2006, is not eligible if it will cause an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow.

(3) A small hydroelectric generation facility that satisfies the criteria for an eligible renewable energy resource pursuant to this subdivision shall not lose its eligibility if efficiency improvements undertaken after January 1, 2008, cause the generating capacity of the facility to exceed 30 megawatts, and the efficiency improvements do not result in an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow. The entire generating capacity of the facility shall be eligible.

(c) (1) A conduit hydroelectric facility of 30 megawatts or less that commenced operation before January 1, 2006, is an eligible renewable energy resource.

(2) A conduit hydroelectric generation facility of 30 megawatts or less that becomes operational on or after January 1, 2006, is an eligible renewable energy resource unless it will cause an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow.

(d) A facility engaged in the combustion of municipal solid waste using a noncombustion thermal process to convert solid waste to a clean-burning fuel for the purpose of generating electricity is an eligible renewable energy resource only if it meets the following conditions:

1 (1) It is located in Stanislaus County and was operational prior  
2 to September 26, 1996.

3 (2) The technology does not use air or oxygen in the conversion  
4 process, except ambient air to maintain temperature control.

5 (3) The technology produces no discharges of air contaminants  
6 or emissions, including greenhouse gases as defined in Section  
7 42801.1 of the Health and Safety Code.

8 (4) The technology produces no discharges to surface or  
9 groundwaters of the state.

10 (5) The technology produces no hazardous wastes.

11 (6) The technology removes all recyclable materials and  
12 marketable green waste compostable materials from the solid waste  
13 stream prior to the conversion process, to the maximum extent  
14 feasible, and the owner or operator of the facility certifies that  
15 those materials will be recycled or composted.

16 (7) The facility is in compliance with all applicable laws,  
17 regulations, and ordinances.

18 (8) The technology meets any other conditions established by  
19 the commission.

20 (9) The facility certifies that any local agency sending solid  
21 waste to the facility diverted at least 30 percent of all solid waste  
22 it collects through solid waste reduction, recycling, and  
23 composting. For purposes of this paragraph, "local agency" means  
24 any city, county, or special district, or subdivision thereof, which  
25 is authorized to provide solid waste handling services.

26 955. This chapter shall become operative on January 1, 2011.

27  
28 Article 2. Implementation of the Renewables Portfolio Standard  
29 for Retail Sellers of Electricity Regulated by, or Registered with,  
30 the Commission  
31

32 960. In order to fulfill unmet long-term resource needs, the  
33 commission shall establish a renewables portfolio standard  
34 requiring each retail seller to increase its procurement of eligible  
35 renewable energy resources to accomplish all of the following:

36 ~~(1)~~  
37 (a) Procure at least 20 percent of the electricity delivered to its  
38 retail customers from eligible renewable energy resources.

39 ~~(2)~~

1 (b) Procure at least 25 percent of the electricity delivered to its  
2 retail customers from eligible renewable energy resources by  
3 December 31, 2015.

4 ~~(3)~~

5 (c) Procure at least 35 percent of the electricity delivered to its  
6 retail customers from eligible renewable energy resources by  
7 December 31, 2020.

8 ~~(4)~~

9 (d) Establish a goal of procuring at least 50 percent of the  
10 electricity delivered to its retail customers from eligible renewable  
11 energy resources by December 31, 2035.

12 962. (a) The commission shall direct each electrical corporation  
13 to prepare a renewable energy procurement plan to satisfy its  
14 procurement requirements under the renewables portfolio standard.  
15 The renewable energy procurement plan shall, to the extent  
16 feasible, be proposed, reviewed, and adopted by the commission  
17 as part of, and pursuant to, a general procurement plan process  
18 pursuant to Section 454.5. The commission shall require each  
19 electrical corporation to review and update its renewable energy  
20 procurement plan as it determines to be necessary.

21 (b) (1) The renewable energy procurement plan shall include  
22 a process that provides criteria for the rank ordering and selection  
23 of eligible renewable energy resources to comply with the  
24 renewables portfolio standard procurement requirement so that  
25 each electrical corporation's total renewables portfolio benefits  
26 ratepayers. This process shall consider estimates of indirect costs  
27 associated with needed transmission investments and ongoing  
28 utility expenses resulting from integrating and operating eligible  
29 renewable energy resources.

30 (2) The renewable energy procurement plan submitted by an  
31 electrical corporation shall include all of the following:

32 (A) An assessment of annual or multiyear portfolio supplies  
33 and demand to determine the optimal mix of eligible renewable  
34 energy resources with deliverability characteristics that may include  
35 peaking, dispatchable, baseload, firm, and as-available capacity.

36 (B) Provisions for employing available compliance flexibility  
37 mechanisms established by the commission.

38 (C) A bid solicitation setting forth the need for eligible  
39 renewable energy resources of each deliverability characteristic,  
40 required online dates, and locational preferences, if any.

(c) As part of its procurement plan bid solicitation, each electrical corporation shall offer standard terms and conditions to be used in contracting with renewable generators for eligible renewable energy resources, including performance requirements for renewable generators. A contract for the purchase of electricity generated by an eligible renewable energy resource shall, at a minimum, include the renewable energy credits associated with all electricity generation specified under the contract. The standard terms and conditions of the contract shall include the requirement that, no later than six months after the commission's approval of an electricity purchase agreement entered into pursuant to this chapter, the following information about the agreement shall be disclosed by the commission: the names of the contracting parties, the renewable energy resource type, the project location, and the generating capacity of the project.

(d) (1) In soliciting and procuring eligible renewable energy resources, each electrical corporation shall offer contracts of no less than 10 years' duration, unless the commission approves of a contract of shorter duration.

(2) The commission may authorize a retail seller to enter into a contract of less than 10 years' duration with a renewable generator for the electricity generated by an eligible renewable energy resource, if the commission has established, for each retail seller, minimum quantities of eligible renewable energy resources to be procured either through contracts of at least 10 years' duration or from new facilities commencing commercial operations on or after January 1, 2005.

(e) The commission shall review and accept, modify, or reject each electrical corporation's renewable energy procurement plan prior to the commencement of renewable procurement pursuant to this chapter by an electrical corporation.

(f) The commission shall review the results of a solicitation for eligible renewable energy resources submitted for approval by an electrical corporation and accept or reject proposed contracts with the renewable generator based on consistency with the approved renewable energy procurement plan. If the commission determines that the bid prices are elevated due to a lack of effective competition among the bidders, the commission shall direct the electrical corporation to renegotiate the contracts or conduct a new solicitation.

1 (g) (1) The commission shall provide preference to contracts  
2 for renewable energy resources that are from a California supplier.

3 (2) For purposes of this paragraph, "California supplier" means  
4 any sole proprietorship, partnership, joint venture, corporation, or  
5 other business entity that manufactures eligible renewable energy  
6 resources in California that are supplied to the renewable generator  
7 and that meets either of the following criteria:

8 (A) The owners or policymaking officers are domiciled in  
9 California and the permanent principal office, or place of business  
10 from which the supplier's trade is directed or managed, is located  
11 in California.

12 (B) A business or corporation, including those owned by, or  
13 under common control of, a corporation, that meets all of the  
14 following criteria continuously during the five years prior to  
15 providing eligible renewable energy resources to a renewable  
16 generator:

17 (i) Owns and operates a manufacturing facility located in  
18 California that builds or manufactures eligible renewable energy  
19 resources.

20 (ii) Is licensed by the state to conduct business within the state.

21 (iii) Employs California residents for work within the state.

22 (3) For purposes of qualifying as a California supplier, a  
23 distribution or sales management office or facility does not qualify  
24 as a manufacturing facility.

25 (h) Procurement and administrative costs associated with  
26 long-term contracts entered into by an electrical corporation for  
27 eligible renewable energy resources pursuant to this chapter and  
28 approved by the commission shall be deemed reasonable per se  
29 by the commission, and shall be recoverable in rates.

30 (i) If an electrical corporation fails to comply with a commission  
31 order adopting a renewable energy procurement plan, the  
32 commission shall exercise its authority pursuant to Section 2113  
33 to require compliance. The commission shall enforce comparable  
34 penalties on any retail seller that is not an electrical corporation  
35 that fails to meet renewables procurement requirements pursuant  
36 to Section 960.

37 963. (a) (1) The commission shall, by January 1, 2011, and  
38 annually thereafter, establish and adopt a benchmark price for  
39 electricity generated by an eligible renewable energy resource, for

1 terms corresponding to the length of contracts with renewable  
2 generators, in consideration of the following:

3 (A) The long-term market price of electricity for all fixed-price  
4 contracts determined pursuant to an electrical corporation's general  
5 procurement activities as authorized by the commission.

6 (B) The value of different deliverability characteristics for  
7 electricity, including baseload, peaking, dispatchable, firm, and  
8 as-available electricity.

9 (C) The value of the carbon reductions from the eligible  
10 renewable energy resources and the value of any other emissions  
11 reductions that are not already accounted for pursuant to Section  
12 40709 of the Health and Safety Code.

13 (2) The benchmark price shall not include any indirect expenses,  
14 including imbalance energy charges, sale of excess energy,  
15 decreased generation from existing resources, or transmission  
16 upgrades.

17 (b) The commission shall, by January 1, 2011, for each electrical  
18 corporation, establish a limitation on the total costs expended above  
19 the benchmark prices determined in subdivision (a) for the  
20 procurement of eligible renewable energy resources to achieve the  
21 annual procurement targets established pursuant to this article.  
22 The cost limitation shall not exceed \_\_\_\_ percent of the electrical  
23 corporation's revenue requirement.

24 (c) If the cost limitation established by the commission for an  
25 electrical corporation pursuant to subdivision (b) is insufficient to  
26 support the total costs expended above the benchmark prices  
27 determined pursuant to subdivision (a) for the procurement of  
28 eligible renewable energy resources, the commission shall allow  
29 the electrical corporation and other retail sellers to limit their  
30 procurement to the quantity of eligible renewable energy resources  
31 that can be procured at or below the benchmark prices.

32 (d) An electrical corporation may voluntarily propose to procure  
33 eligible renewable energy resources at above the benchmark price  
34 that are not counted toward the cost limitation. Any voluntary  
35 procurement above the benchmark price shall be subject to  
36 commission approval prior to the expense being recovered in rates.

37 964. (a) The commission may authorize a procurement entity  
38 to enter into contracts on behalf of customers of a retail seller for  
39 electricity generated by eligible renewable energy resources to  
40 meet the retail seller's renewables portfolio standard procurement



1 requirements. The commission may not require any person or  
2 corporation to act as a procurement entity or require any party to  
3 purchase electricity generated by eligible renewable energy  
4 resources from a procurement entity.

5 (b) The procurement entity shall, subject to review and approval  
6 by the commission, recover reasonable administrative and  
7 procurement costs through the retail rates of end-use customers  
8 that are served by the procurement entity and are directly benefiting  
9 from the procurement of electricity generated by eligible renewable  
10 energy resources.

11 965. Construction, alteration, demolition, installation, and  
12 repair work on an eligible renewable energy resource that receives  
13 production incentives pursuant to Section 25742 of the Public  
14 Resources Code, including work performed to qualify, receive, or  
15 maintain production incentives is “public works” for the purposes  
16 of Chapter 1 (commencing with Section 1720) of Part 7 of Division  
17 2 of the Labor Code.

18  
19 Article 3. Implementation of the Renewables Portfolio Standard  
20 for Local Publicly Owned Electric Utilities  
21

22 970. (a) In order to fulfill unmet long-term resource needs,  
23 each governing body of a local publicly owned electric utility shall  
24 be responsible for implementing and enforcing a renewables  
25 portfolio standard that accomplishes all of the following:

26 (1) Procures at least 20 percent of the electricity delivered to  
27 its retail customers from eligible renewable energy resources.

28 (2) Procures at least 25 percent of the electricity delivered to  
29 its retail customers from eligible renewable energy resources by  
30 December 31, 2015.

31 (3) Procures at least 35 percent of the electricity delivered to  
32 its retail customers from eligible renewable energy resources by  
33 December 31, 2020.

34 (4) Establishes a goal of procuring at least 50 percent of the  
35 electricity delivered to its retail customers from eligible renewable  
36 energy resources by December 31, 2035.

37 (b) Each local publicly owned electric utility shall report, on an  
38 annual basis, to its customers and to the Energy Commission, the  
39 following:

1 (1) Expenditures of public goods funds collected pursuant to  
2 Section 385 for eligible renewable energy resource development.  
3 Reports shall contain a description of programs, expenditures, and  
4 expected or actual results.

5 (2) The resource mix used to serve its customers by energy  
6 source.

7 (3) The utility's status in implementing a renewables portfolio  
8 standard pursuant to subdivision (a) and the utility's progress  
9 toward attaining the standard following implementation.

10  
11 Article 4. Duties of the Energy Commission in Implementing  
12 the Renewables Portfolio Standard  
13

14 975. (a) The Energy Commission shall do all of the following:

15 (1) Design and implement an accounting system to verify  
16 compliance with the renewables portfolio standard by retail sellers,  
17 to ensure that electricity generated by an eligible renewable energy  
18 resource is counted only once for the purpose of compliance with  
19 regulatory or legal requirements of this state or any other state, for  
20 verifying retail product claims in this state or any other state or to  
21 certify renewable energy credits produced by eligible renewable  
22 energy resources. In establishing the guidelines governing this  
23 accounting system, the Energy Commission shall collect data from  
24 electricity market participants that it deems necessary to verify  
25 compliance of retail sellers, in accordance with the requirements  
26 of this article and the California Public Records Act (Chapter 3.5  
27 (commencing with Section 6250) of Division 7 of Title 1 of the  
28 Government Code). In seeking data from electrical corporations,  
29 the Energy Commission shall request data from the commission.  
30 The commission shall collect data from electrical corporations and  
31 remit the data to the Energy Commission within 90 days of the  
32 request.

33 (2) Certify eligible renewable energy resources that it determines  
34 meet the criteria described in subdivision (c) of Section 952, the  
35 requirements of Section 953, and when applicable, the requirements  
36 of Section 954.

37 (3) Establish a system for tracking and verifying renewable  
38 energy credits that, through the use of independently audited data,  
39 verifies the generation and delivery of electricity associated with  
40 each renewable energy credit and protects against multiple counting

1 of the same renewable energy credit. The Energy Commission  
2 shall consult with other western states and with the WECC in the  
3 development of this system. No electricity generated by an eligible  
4 renewable energy resource attributable to the use of nonrenewable  
5 fuels, beyond a de minimus quantity, as determined by the Energy  
6 Commission, shall result in the creation of a renewable energy  
7 credit.

8 (b) The Energy Commission may, as part of the integrated  
9 energy policy report adopted pursuant to Chapter 4 (commencing  
10 with Section 25300) of Division 15 of the Public Resources Code,  
11 recommend additional technologies and resources to be included  
12 in the definition of an eligible renewable energy resource for  
13 purposes of this chapter.

14  
15 Article 5. Renewable Energy Credits  
16

17 980. (a) Subject to the conditions of this article, a retail seller  
18 or local publicly owned electric utility may use renewable energy  
19 credits from eligible renewable energy resources, that are certified  
20 by the Energy Commission pursuant to Article 4, to comply with  
21 the renewables portfolio standard procurement requirements.

22 (b) (1) Subject to the conditions of this article and the limits of  
23 paragraphs (2), (3), and (4), a retail seller or local publicly owned  
24 electric utility may use renewable energy credits from renewable  
25 energy resources that meet all the criteria for eligibility except the  
26 deliverability requirement of paragraph (2) of subdivision (b) of  
27 Section 953, that are certified by the Energy Commission pursuant  
28 to Article 4, to comply with the renewables portfolio standard  
29 procurement requirements.

30 (2) From January 1, 2011, until the commission establishes a  
31 reduced amount pursuant to paragraph (4), a retail seller or local  
32 publicly owned electric utility may meet up to 50 percent of its  
33 renewables portfolio standard procurement requirements with  
34 renewable energy credits that do not meet the deliverability  
35 requirement of paragraph (2) of subdivision (b) of Section 953.

36 (3) On and after January 1, 2018, a retail seller or local publicly  
37 owned electric utility may meet up to 10 percent of its renewables  
38 portfolio standard procurement requirements with renewable energy  
39 credits that do not meet the deliverability requirement of paragraph  
40 (2) of subdivision (b) of Section 953.

1 (4) The commission shall identify interim targets to gradually  
2 decrease the use of renewable energy credits from the levels  
3 authorized in paragraph (2) to those authorized in paragraph (3).

4 (c) No retail seller or local publicly owned electric utility shall  
5 use renewable energy credits to comply with the renewables  
6 portfolio standard procurement requirements pursuant to  
7 subdivision (a) or (b) until the commission and the Energy  
8 Commission find that the tracking system established pursuant to  
9 paragraph (3) of subdivision (b) of Section 970, is operational, is  
10 capable of independently verifying the electricity generated by an  
11 eligible renewable energy resource and delivered to the retail seller  
12 or local publicly owned electric utility, and can ensure that  
13 renewable energy credits shall not be double counted for the  
14 purposes of compliance with regulatory or legal requirements of  
15 this state or any other state, or for verifying retail product claims  
16 in this state or any other state.

17 (d) A renewable energy credit shall be counted only once for  
18 the purposes of compliance with regulatory or legal requirements  
19 of this state or any other state, or for verifying retail product claims  
20 in this state or any other state, except that a renewable energy credit  
21 may be used by a retail seller or local publicly owned electric  
22 utility for both compliance with any federal renewable energy  
23 portfolio requirement and for compliance with the renewables  
24 portfolio standard pursuant to this chapter.

25 (e) A renewable energy credit shall either be used for purposes  
26 of compliance with regulatory or legal requirements of this state  
27 or any other state, or shall expire within 18 months of the date of  
28 purchase by the retail seller or local publicly owned utility.

29 (f) No renewable energy credits shall be created for electricity  
30 generated pursuant to any electricity purchase contract with a retail  
31 seller or a local publicly owned electric utility executed before  
32 January 1, 2005, unless the contract contains explicit terms and  
33 conditions specifying the ownership or disposition of those credits.  
34 Deliveries under those contracts shall be tracked through the  
35 accounting system described in paragraph (3) of subdivision (b)  
36 of Section 970 and included in the baseline quantity of eligible  
37 renewable energy resources of a purchasing retail seller pursuant  
38 to subdivision (b) of Section 960.

39 (g) No renewable energy credits shall be created for electricity  
40 generated under any electricity purchase contract with a qualifying

1 facility executed after January 1, 2005, pursuant to the federal  
2 Public Utility Regulatory Policies Act of 1978 (Public Law  
3 95-617). Deliveries under the electricity purchase contracts shall  
4 be tracked through the accounting system described in paragraph  
5 (3) of subdivision (b) of Section 970 and count toward the  
6 renewables portfolio standard procurement requirements of the  
7 purchasing retail seller or local publicly owned electric utility.

8 (h) The commission shall allow an electrical corporation to  
9 recover in rates the reasonable costs of purchasing renewable  
10 energy credits to meet its renewables portfolio standard  
11 procurement requirements.

12 (i) All revenues received by an electrical corporation for the  
13 sale of a renewable energy credit shall be credited to the benefit  
14 of ratepayers.

15  
16 Article 6. Small-Scale Renewable Distributed Generation  
17 Facilities  
18

19 985. The Legislature finds and declares all of the following:

20 (a) The state should encourage the reduction of electricity  
21 demand at customer sites and increase generating capacity in order  
22 to meet the demand for electricity.

23 (b) Some tariff structures and regulatory structures are presenting  
24 a barrier to meeting the requirements and goals of this chapter.

25 (c) Small projects of less than five megawatts that are otherwise  
26 eligible renewable energy resources may face difficulties in  
27 participating in competitive solicitations under the California  
28 Renewables Portfolio Standard Program (Chapter 8.6 (commencing  
29 with Section 25740) of Division 15 of the Public Resources Code).

30 (d) A tariff that allows customers of electrical corporations and  
31 local publicly owned electric utilities to sell electricity generated  
32 by renewable technologies would address these barriers and could  
33 assist in the achievement of the renewables portfolio standard and  
34 the state's goals for reducing emissions of greenhouse gases  
35 pursuant to the California Global Warming Solutions Act of 2006  
36 (Division 25.5 (commencing with Section 38500) of the Health  
37 and Safety Code).

38 (e) A tariff for electricity generated by renewable technologies  
39 should recognize the environmental attributes of the renewable  
40 technology, the characteristics that contribute to peak electricity

1 demand reduction, reduced transmission congestion, avoided  
2 transmission and distribution improvements, and in a manner that  
3 accelerates the deployment of renewable energy resources.

4 (f) It is the policy of this state and the intent of the Legislature  
5 to encourage the distributed generation of electricity from  
6 small-scale eligible renewable energy resources at the sites where  
7 the electricity will be utilized.

8 986. As used in this article, “small-scale renewable distributed  
9 generation facility” means an electric generation facility, owned,  
10 leased, or rented by a retail customer of a retail seller or local  
11 publicly owned electric utility, that meets all of the following  
12 criteria:

13 (a) Has an effective capacity of not more than five megawatts  
14 and is located on property owned or under the control of the  
15 customer. Premises that are leased by the customer are under the  
16 control of the customer for purposes of this requirement. It is not  
17 required that the customer own the electric generation facility.

18 (b) Is interconnected and operates in parallel with the electric  
19 transmission and distribution grid.

20 (c) Is strategically located and interconnected to the electric  
21 transmission system in a manner that optimizes the deliverability  
22 of electricity generated at the facility to load centers.

23 (d) Is an eligible renewable energy resource.

24 987. (a) Every electrical corporation shall file with the  
25 commission a standard tariff for electricity purchased from an  
26 electric generation facility.

27 (b) The tariff shall provide for a base payment rate for every  
28 kilowatthour of electricity purchased from a small-scale renewable  
29 distributed generation facility at the benchmark price as determined  
30 by the commission pursuant to Section 963 for a period of 10, 15,  
31 or 20 years, as authorized by the commission. The commission  
32 may adjust the payment rate to reflect the value of every  
33 kilowatthour of electricity generated on a time-of-delivery basis  
34 and any other attributes of renewable generation. The commission  
35 shall ensure that ratepayers that do not receive service pursuant to  
36 the tariff are indifferent, with respect to rates and charges, to  
37 whether a ratepayer with a small-scale renewable distributed  
38 generation facility receives service pursuant to the tariff.

39 (c) Every electrical corporation shall make this tariff available  
40 to customers that own, lease, or rent a small-scale renewable

1 distributed generation facility within the service territory of the  
2 electrical corporation, upon request, on a first-come-first-served  
3 basis, until the combined statewide cumulative rated generating  
4 capacity of those facilities reaches 500 megawatts. An electrical  
5 corporation may make the terms of the tariff available to customers  
6 in the form of a standard contract subject to commission approval.  
7 Each electrical corporation shall only be required to offer service  
8 or contracts under this section until that electrical corporation  
9 meets its proportionate share of the 500 megawatts based on the  
10 ratio of its peak demand to the total statewide peak demand.

11 (d) Every kilowatthour of electricity purchased from the electric  
12 generation facility shall count toward the electrical corporation's  
13 renewables portfolio standard annual procurement targets for  
14 purposes of this chapter.

15 (e) The electricity generated by a small-scale renewable  
16 distributed generation facility, consistent with Section 380, shall  
17 count toward the electrical corporation's resource adequacy  
18 requirement.

19 (f) (1) The commission, in consultation with the Independent  
20 System Operator, shall monitor and examine the impact on the  
21 transmission and distribution grid and any effects upon ratepayers  
22 resulting from small-scale renewable distributed generation  
23 facilities operating pursuant to a tariff or contract approved by the  
24 commission pursuant to this section.

25 (2) The commission shall establish performance standards for  
26 any small-scale renewable distributed generation facility that has  
27 a capacity greater than one megawatt to ensure that those facilities  
28 are constructed, operated, and maintained to generate the expected  
29 annual net production of electricity and do not impact system  
30 reliability.

31 (g) (1) The commission may modify or adjust the requirements  
32 of this section for any electrical corporation with less than 100,000  
33 service connections, as individual circumstances merit.

34 (2) The commission may reduce the five megawatt capacity  
35 limitation of subdivision (a) of Section 986, if the commission  
36 finds that a reduced capacity limitation is necessary to maintain  
37 system reliability within that electrical corporation's service  
38 territory.

39 (h) (1) A customer electing to receive service under a tariff or  
40 contract approved by the commission shall continue to receive

1 service under the tariff or contract until either of the following  
2 occurs:

3 (A) The customer no longer meets the eligibility requirements  
4 for receiving service pursuant to the tariff or contract.

5 (B) The period of service established by the commission  
6 pursuant to subdivision (b) is completed.

7 (2) Upon completion of the period of service established by the  
8 commission pursuant to subdivision (b), the customer may elect  
9 to renew receiving service pursuant to the tariff or contract  
10 approved by the commission for the period of time then established  
11 by the commission, or may elect to receive service under another  
12 then applicable tariff.

13 988. (a) A local publicly owned electric utility that sells  
14 electricity at retail to 75,000 or more customers shall adopt a  
15 standard tariff for electricity purchased from a small-scale  
16 renewable distributed generation facility.

17 (b) The governing board of the local publicly owned electric  
18 utility shall ensure that the tariff adopted pursuant to subdivision  
19 (b) reflects the value of every kilowatthour of electricity generated  
20 on a time-of-delivery basis. The governing board may adjust this  
21 value based on the other attributes of renewable generation. The  
22 governing board shall ensure that ratepayers that do not receive  
23 service pursuant to the tariff are indifferent, with respect to rates  
24 and charges, to whether a ratepayer with a small-scale renewable  
25 distributed generation facility receives service pursuant to the  
26 tariff.

27 (c) A local publicly owned electric utility that sells electricity  
28 at retail to 75,000 or more customers shall make the tariff available  
29 to customers that own, lease, or rent a small-scale renewable  
30 distributed generation facility within the service territory of the  
31 utility, upon request, on a first-come-first-served basis, until the  
32 combined statewide cumulative rated generating capacity of those  
33 facilities reaches 250 megawatts. A local publicly owned electric  
34 utility may make the terms of the tariff available to customers in  
35 the form of a standard contract. A local publicly owned electric  
36 utility is only required to offer service or contracts under this  
37 section until the utility meets its proportionate share of the 250  
38 megawatts based on the ratio of its peak demand to the total  
39 statewide peak demand.



1 (d) Every kilowatthour of electricity purchased from the a  
2 small-scale renewable distributed generation facility shall count  
3 toward the local publicly owned electric utility's renewables  
4 portfolio standard procurement requirements for purposes of this  
5 chapter.

6 (e) A local publicly owned electric utility may establish  
7 performance standards for any small-scale renewable distributed  
8 generation facility that has a capacity greater than one megawatt  
9 to ensure that those facilities are constructed, operated, and  
10 maintained to generate the expected annual net production of  
11 electricity and do not impact system reliability.

12 (f) A local publicly owned electric utility may reduce the five  
13 megawatt capacity limitation of subdivision (a) of Section 986, if  
14 the utility finds that a reduced capacity limitation is necessary.

15  
16 Article 7. Renewables Infrastructure Authority  
17

18 990. (a) The Legislature finds and declares that in order to  
19 furnish the citizens of California with a reliable and affordable  
20 supply of electricity that integrates electricity generated from  
21 eligible renewable energy resources consistent with the renewables  
22 portfolio standard, and to protect the public health, welfare, and  
23 safety, the state needs to finance, purchase, lease, own, operate,  
24 acquire, or otherwise provide financial assistance for public and  
25 private facilities for the generation and transmission of electricity  
26 generated from eligible renewable energy resources.

27 (b) As used in this article, the following terms have the following  
28 meanings:

29 (1) "Authority" means the Renewables Infrastructure Authority  
30 established pursuant to Section 991 and any board, commission,  
31 department, or officer succeeding to the functions thereof, or to  
32 whom the powers conferred upon the authority by this article shall  
33 be given by law.

34 (2) "Board" means the Board of Directors of the Renewables  
35 Infrastructure Authority.

36 (3) "Bond purchase agreement" means a contractual agreement  
37 executed between the authority and an underwriter or underwriters  
38 and, where appropriate, a participating party, whereby the authority  
39 agrees to sell bonds issued pursuant to this article.

1 (4) “Bonds” means bonds, including structured, senior, and  
2 subordinated bonds or other securities; loans; notes, including  
3 bond revenue or grant anticipation notes; certificates of  
4 indebtedness; commercial paper; floating rate and variable maturity  
5 securities; and any other evidences of indebtedness or ownership,  
6 including certificates of participation or beneficial interest, asset  
7 backed certificates, or lease-purchase or installment purchase  
8 agreements, whether taxable or excludable from gross income for  
9 state and federal income taxation purposes.

10 (5) “Cost,” as applied to a program, project, or portion thereof  
11 financed under this article, means all or any part of the cost of  
12 construction, improvement, repair, reconstruction, renovation, and  
13 acquisition of all lands, structures, improved or unimproved real  
14 or personal property, rights, rights-of-way, franchises, licenses,  
15 easements, and interests acquired or used for a project; the cost of  
16 demolishing or removing or relocating any buildings or structures  
17 on land so acquired, including the cost of acquiring any lands to  
18 which the buildings or structures may be moved; the cost of all  
19 machinery and equipment; financing charges; the costs of any  
20 environmental mitigation; the costs of issuance of bonds or other  
21 indebtedness; interest prior to, during, and for a period after,  
22 completion of the project, as determined by the authority;  
23 provisions for working capital; reserves for principal and interest;  
24 reserves for reduction of costs for loans or other financial  
25 assistance; reserves for maintenance, extension, enlargements,  
26 additions, replacements, renovations, and improvements; and the  
27 cost of architectural, engineering, financial, appraisal, and legal  
28 services, plans, specifications, estimates, administrative expenses,  
29 and other expenses necessary or incidental to determining the  
30 feasibility of any project, enterprise, or program or incidental to  
31 the completion or financing of any project or program.

32 (6) “Electric transmission line” means any electrical powerline  
33 carrying electricity from a powerplant or renewable energy  
34 designation zone located within the state to a point of junction  
35 with any interconnected transmission system. Electric transmission  
36 line may include any high-voltage electric transmission line  
37 pursuant to Section 25330 of the Public Resources Code, and any  
38 replacement on the site of existing electrical powerlines with  
39 electrical powerlines equivalent to those existing electrical  
40 powerlines or the placement of new or additional conductors,

1 insulators, or accessories related to those electrical powerlines on  
2 supporting structures in existence on January 1, 2010, or certified  
3 pursuant to this article. Electric transmission line may also include  
4 a remote resource interconnection line to accommodate proposed  
5 location-constrained generation in a designated renewable energy  
6 designation zone.

7 (7) “Enterprise” means a revenue-producing improvement,  
8 building, system, plant, works, facilities, or undertaking used for  
9 or useful for the generation or production of electricity for lighting,  
10 heating, and power for public or private uses. Enterprise includes,  
11 but is not limited to, all parts of the enterprise, all appurtenances  
12 to it, lands, easements, rights in land, water rights, contract rights,  
13 franchises, buildings, structures, improvements, equipment, and  
14 facilities appurtenant or relating to the enterprise.

15 (8) “Feasible” means capable of being accomplished in a  
16 successful manner within a reasonable period of time, taking into  
17 account economic, environmental, social, and technological factors.

18 (9) “Financial assistance” in connection with a project, enterprise  
19 or program, includes, but is not limited to, any combination of  
20 grants, loans, the proceeds of bonds issued by the authority,  
21 insurance, guarantees or other credit enhancements or liquidity  
22 facilities, and contributions of money, property, labor, or other  
23 things of value, as may be approved by resolution of the board;  
24 the purchase or retention of authority bonds, the bonds of a  
25 participating party for their retention or for sale by the authority,  
26 or the issuance of authority bonds or the bonds of a special purpose  
27 trust used to fund the cost of a project or program for which a  
28 participating party is directly or indirectly liable, including, but  
29 not limited to, bonds, the security for which is provided in whole  
30 or in part pursuant to the powers granted by this division; bonds  
31 for which the authority has provided a guarantee or enhancement;  
32 or any other type of assistance determined to be appropriate by  
33 the authority.

34 (10) “Fund” means the Renewables Infrastructure Authority  
35 Fund created pursuant to Section 995.

36 (11) “Loan agreement” means a contractual agreement executed  
37 between the authority and a participating party that provides that  
38 the authority will loan funds to the participating party and that the  
39 participating party will repay the principal and pay the interest and  
40 redemption premium, if any, on the loan.

1 (12) “Participating party” means either of the following:

2 (A) Any person, company, corporation, partnership, firm,  
3 federally recognized California Indian tribe, or other entity or  
4 group of entities, whether organized for profit or not for profit,  
5 engaged in business or operations within the state and that applies  
6 for financial assistance from the authority for the purpose of  
7 implementing a project or program in a manner prescribed by the  
8 authority.

9 (B) Any subdivision of the state or local government, including,  
10 but not limited to, departments, agencies, commissions, cities,  
11 counties, nonprofit corporations, special districts, assessment  
12 districts, and joint powers authorities within the state or any  
13 combination of these subdivisions, that has, or proposes to acquire,  
14 an interest in a project, or that operates or proposes to operate a  
15 program and that makes application to the authority for financial  
16 assistance in a manner prescribed by the authority.

17 (13) “Program” means a loan program that provides financial  
18 assistance to a participating party to use for the purchase or lease  
19 of eligible renewable energy resources.

20 (14) “Project” means plants, facilities, equipment, appliances,  
21 structures, expansions, and improvements within the state that  
22 serve the purposes of this article as approved by the authority, and  
23 all activities and expenses necessary to initiate and complete those  
24 projects.

25 (15) “Renewable energy designation zone” means the  
26 geographic area necessary to accommodate the construction and  
27 operation of one or more powerplants or other form of generation  
28 that operate using an “eligible renewable energy resource” as  
29 defined in Section 952 and where the backup fuel, such as oil and  
30 natural gas, does not, in the aggregate, exceed 10 percent of the  
31 total energy output of the facility during any calendar year period.  
32 A renewable energy designation zone shall accommodate existing  
33 land uses and land uses identified in local, general, or specific  
34 plans, and avoid environmental constraints or mitigate potential  
35 environmental impacts.

36 (16) “Revenues” means all receipts, purchase payments, loan  
37 repayments, lease payments, rents, fees and charges, and all other  
38 income or receipts derived by the authority from an enterprise, or  
39 by the authority or a participating party from any other financing  
40 arrangement undertaken by the authority or a participating party,

1 including, but not limited to, all receipts from a bond purchase  
2 agreement, and any income or revenue derived from the investment  
3 of any money in any fund or account of the authority or a  
4 participating party.

5 (17) "State" means the State of California.

6 (18) "Transmission corridor zone" means the geographic area  
7 necessary to accommodate the construction and operation of one  
8 or more high-voltage electric transmission lines. A transmission  
9 corridor zone shall not be more than 1,500 feet in width unless  
10 required to accommodate existing land uses and land uses identified  
11 in local, general, or specific plans, or to avoid environmental  
12 constraints or mitigate potential environmental impacts.

13 (c) Any action taken pursuant to this division is exempt from  
14 the Administrative Procedure Act, as defined in Section 11370 of  
15 the Government Code.

16 991. (a) There is hereby created in the state government the  
17 Renewables Infrastructure Authority, which shall be responsible  
18 for administering this article. The authority shall implement the  
19 purposes of this chapter and to that end, finance projects and  
20 programs in pursuant to this article, all to the mutual benefit of the  
21 people of the state and to protect their health, welfare, and safety.

22 (b) The authority shall be governed by a nine-member board of  
23 directors that shall consist of the following persons:

24 (1) The Secretary for Resources.

25 (2) Secretary for Environmental Protection.

26 (3) Chair of the Energy Commission.

27 (4) President of the commission.

28 (5) A member of the public appointed by the Governor and  
29 subject to confirmation by the Senate. This member shall have  
30 considerable experience in power generation, natural gas  
31 transportation or storage, energy conservation, financing, or  
32 ratepayer advocacy.

33 (6) The State Treasurer.

34 (7) The president of the Independent System Operator governing  
35 board.

36 (8) A designee of the Senate Pro Tem, who shall be a nonvoting  
37 member.

38 (9) A designee of the Speaker of the Assembly, who shall be a  
39 nonvoting member.

1 (c) A quorum is necessary for any action to be taken by the  
2 board. Five of the members shall constitute a quorum, and the  
3 affirmative vote of four board members shall be necessary for any  
4 action to be taken by the board.

5 (d) (1) The chairperson of the board shall be appointed by the  
6 Governor.

7 (2) Except as provided in this subdivision, the members of the  
8 board shall serve without compensation, but shall be reimbursed  
9 for actual and necessary expenses incurred in the performance of  
10 their duties to the extent that reimbursement for these expenses is  
11 not otherwise provided or payable by another public agency, and  
12 shall receive one hundred dollars (\$100) for each full day of  
13 attending meetings of the authority.

14 991.1. (a) The authority is authorized and empowered to do  
15 any of the following:

16 (1) Adopt an official seal.

17 (2) Sue and be sued in its own name.

18 (3) Employ or contract with officers and employees to  
19 administer the authority. The authority may contract for the services  
20 of a chief executive officer, who shall serve at the pleasure of the  
21 board. If the chief executive officer contracts for the services of  
22 any other officer or employee, the contract shall be subject to the  
23 approval of the board.

24 (4) Exercise the power of eminent domain.

25 (5) Adopt rules and regulations for the regulation of its affairs  
26 and the conduct of its business.

27 (6) Do all things generally necessary or convenient to carry out  
28 its powers and purposes under this article.

29 (b) The chief executive officer shall manage and conduct the  
30 business and affairs of the authority and the fund subject to the  
31 direction of the board. Except as otherwise provided in this section,  
32 the board may assign to the executive director, by resolution, those  
33 duties generally necessary or convenient to carry out its powers  
34 and purposes under this article. The chief executive office may  
35 designate a liaison to the federal government to facilitate, when  
36 necessary, the implementation of its powers and duties. Any action  
37 involving final approval of any bonds, notes, loans, or other  
38 financial assistance shall require the approval of a majority of the  
39 members of the board.

1 991.2. (a) The authority's operating budget shall be subject  
2 to review and appropriation in the annual Budget Act. For purposes  
3 of this section, the authority's operating budget shall include the  
4 costs of personnel, administration, and overhead.

5 (b) The authority shall, on or before January 1 of each year,  
6 prepare and submit to the Governor, the Chairperson of the Joint  
7 Legislative Budget Committee, and the chairperson of the  
8 committee in each house that considers appropriations, a report  
9 regarding its activities and expenditures pursuant to this article.

10 (c) The Bureau of State Audits shall perform an evaluation of  
11 the effectiveness of the authority's efforts in achieving its purposes  
12 as described in Section 991.3. The evaluation shall include  
13 recommendations as to whether there is a continued need for the  
14 authority beyond January 1, 2016. The evaluation shall be  
15 submitted to the Governor and the Legislature on or before January  
16 1, 2014.

17 991.3. The authority may only exercise its powers pursuant to  
18 this article for the following purposes:

19 (a) Establish, finance, purchase, lease, own, operate, acquire,  
20 or construct generating facilities that are eligible renewable energy  
21 resources and other projects and enterprises to facilitate the state's  
22 renewable energy goals, on its own or through agreements with  
23 public and private third parties or joint ventures with public or  
24 private entities, or provide financial assistance for projects or  
25 programs by participating parties, to supplement private and public  
26 sector supplies of electricity, taking into account generation  
27 facilities in operation or under development as of the effective date  
28 of this section, and to ensure a sufficient and reliable supply of  
29 electricity for California's consumers at just and reasonable rates.

30 (b) Finance programs, administered by the Energy Commission,  
31 the commission, and other approved participating parties for  
32 consumers and businesses to invest in cost-effective energy  
33 efficient appliances, eligible renewable energy resources, and other  
34 programs that will reduce the demand for energy in California or  
35 meet that demand through generation from eligible renewable  
36 energy resources.

37 (c) Achieve an adequate energy reserve capacity in California.

38 (d) Provide financing for owners of aged, inefficient, eligible  
39 renewable energy resources to perform necessary retrofits to

1 improve the efficiency and environmental performance of those  
2 resources.

3 991.4. The authority may enter into any agreement or contract,  
4 execute any instrument, and perform any act or thing necessary or  
5 convenient to, directly or indirectly, secure the authority's bonds  
6 or a participating party's obligations to the authority, including,  
7 but not limited to, bonds of a participating party purchased by the  
8 authority for retention or sale, with funds or moneys that are legally  
9 available and that are due or payable to the participating party by  
10 reason of any grant, allocation, apportionment, or appropriation  
11 of the state or agencies thereof, to the extent that the Controller  
12 shall be the custodian at any time of these funds or moneys, or  
13 with funds or moneys that are or will be legally available to the  
14 participating party, the authority, or the state or any agencies  
15 thereof by reason of any grant, allocation, apportionment, or  
16 appropriation of the federal government or agencies thereof; and  
17 in the event of written notice that the participating party has not  
18 paid or is in default on its obligations to the authority, direct the  
19 Controller to withhold payment of those funds or moneys from  
20 the participating party over which it is or will be custodian and to  
21 pay the same to the authority or its assignee, or direct the state or  
22 any agencies thereof to which any grant, allocation, apportionment,  
23 or appropriation of the federal government or agencies thereof is  
24 or will be legally available to pay the same upon receipt to the  
25 authority or its assignee, until the default has been cured and the  
26 amounts then due and unpaid have been paid to the authority or  
27 its assignee, or until arrangements satisfactory to the authority  
28 have been made to cure the default.

29 991.5. (a) The fiscal powers granted to the authority by this  
30 article may be exercised without regard or reference to any other  
31 department, division, or agency of the state, except the Legislature  
32 or as otherwise stated in this article. This article shall be deemed  
33 to provide an alternative method of doing the things authorized by  
34 this article, and shall be regarded as supplemental and additional  
35 to powers conferred by other laws.

36 (b) No member of the board or any person executing bonds of  
37 the authority pursuant to this article shall be personally liable on  
38 the bonds or subject to any personal liability or accountability by  
39 reason of the issuance thereof.



1 (c) All expenses incurred in connection with any enterprise or  
2 project in carrying out this article shall be payable solely from  
3 funds provided under the authority of this article and no liability  
4 or obligation shall be imposed upon the State of California and,  
5 none shall be incurred by the authority beyond the extent to which  
6 moneys shall have been provided under this article. Under no  
7 circumstances shall the authority create any debt, liability, or  
8 obligation on the part of the State of California in connection with  
9 any enterprise or project payable from any source whatsoever other  
10 than the moneys provided under this article.

11 991.6. In connection with an enterprise, the authority may do  
12 any or all of the following:

13 (a) Acquire any enterprise by gift, purchase, or eminent domain  
14 as necessary to achieve the purposes of the authority pursuant to  
15 Sections 991.3 and 992.1.

16 (b) Construct or improve any enterprise. By gift, lease, purchase,  
17 eminent domain, or otherwise, it may acquire any real or personal  
18 property, for an enterprise, except that no property of a state public  
19 body may be acquired without its consent. The authority may sell,  
20 lease, exchange, transfer, assign, or otherwise dispose of any real  
21 or personal property or any interest in such property. It may lay  
22 out, open, extend, widen, straighten, establish, or change the grade  
23 of any real property or public rights-of-way necessary or convenient  
24 for any enterprise.

25 (c) Operate, maintain, repair, or manage all or any part of any  
26 enterprise, including the leasing for commercial purposes of surplus  
27 space or other space that is not economic to use for such enterprise.

28 (d) Adopt reasonable rules or regulations for the conduct of the  
29 enterprise.

30 (e) Prescribe, revise, and collect charges for the services,  
31 facilities, or energy furnished by the enterprise. The charges shall  
32 be established and adjusted so as to provide funds sufficient with  
33 other revenues and moneys available therefor, if any, to (1) pay  
34 the principal of, and interest on, outstanding bonds of the authority  
35 financing such enterprise as the same shall become due and  
36 payable, (2) create and maintain reserves, including, without  
37 limitation, operating and maintenance reserves and reserves  
38 required or provided for in any resolution authorizing, or trust  
39 agreement securing such bonds, and (3) pay operating and  
40 administrative costs of the authority.

(f) Execute all instruments, perform all acts, and do all things necessary or convenient in the exercise of the powers granted by this article.

991.7. In connection with a project, the authority may do any or all of the following:

(a) Determine the location and character of any project to be financed under this article.

(b) Acquire, construct, enlarge, remodel, renovate, alter, improve, furnish, equip, own, maintain, manage, repair, operate, lease as lessee or lessor, or regulate any project to be financed under this article.

(c) Contract with any participating party for the construction of a project by such participating party.

(d) Enter into leases and agreements, as lessor or lessee, with any participating party relating to the acquisition, construction, and installation of any project, including real property, buildings, equipment, and facilities of any kind or character.

(e) Establish, revise, charge and collect rates, rents, fees, and charges for a project. The rates, rents, fees, and charges shall be established and adjusted in respect to the aggregate rates, rents, fees, and charges from all projects so as to provide funds sufficient with other revenues and moneys available therefor, if any, to (1) pay the principal of and interest on outstanding bonds of the authority financing the project as the same shall become due and payable, (2) create and maintain reserves, including, without limitation, operating and maintenance reserves and reserves required or provided for in any resolution authorizing, or trust agreement securing the bonds, and (3) pay operating and administrative costs of the authority.

(f) Enter into contracts of sale with any participating party covering any project financed by the authority.

(g) As an alternative to leasing or selling a project to a participating party, finance the acquisition, construction, or installation of a project by means of a loan to the participating party.

(h) Execute all instruments, perform all acts, and do all things necessary or convenient in the exercise of the powers granted by this article.

991.8. In connection with the purposes of this article, the authority may charge and equitably apportion among participating

1 parties or other public or private entities the authority's  
2 administrative costs and expenses, including operating and  
3 financing-related costs incurred in connection with an enterprise  
4 or a project. The authority shall recover those costs that are related  
5 to one of the authority's own enterprises or projects, in which case  
6 costs shall be included in the cost of generating and transmitting  
7 that electricity.

8 992. (a) All generation-related projects and enterprises financed  
9 pursuant to this article shall provide electricity to the consumers  
10 of this state at the cost of generating that electricity, including the  
11 costs of financing those projects or enterprises. To the extent that  
12 electricity is not needed in the state, or that it is financially  
13 advantageous to California consumers, the electricity may be sold  
14 outside the state at just and reasonable rates.

15 (b) If a participating party is an electrical corporation, the  
16 commission shall determine the cost of generating electricity and  
17 to which entities the electricity is sold.

18 (c) If a participating party is a local publicly owned electric  
19 utility seeking to provide electricity to consumers in its service  
20 territory, the governing board of that utility shall determine the  
21 cost of generating electricity and to which entities the electricity  
22 is sold.

23 (d) If neither subdivision (b) nor subdivision (c) applies, the  
24 authority shall determine the cost of generating electricity and to  
25 which entities the electricity is sold, consistent with subdivision  
26 (a).

27 992.1. In addition to the other powers provided in this article,  
28 the activities of the authority under this article are intended to  
29 supplement private and public sector supplies of electricity  
30 generated from eligible renewable energy resources, taking into  
31 account generation facilities in operation or under development  
32 as of January 1, 2010, consistent with achieving reasonable energy  
33 capacity reserves.

34 992.2. The authority shall have the authority to receive and act  
35 on applications for financial assistance from renewable generators  
36 who commit to undertake capacity expansion through facility  
37 retrofits, new construction, or both, that will improve the efficiency  
38 and environmental performance of generation facilities that are  
39 eligible renewable energy resources.

1 992.4. (a) The authority may not invest in any nuclear facilities  
2 or develop additional hydroelectric facilities without first receiving  
3 specific statutory authorization to do so on a project-by-project  
4 basis.

5 (b) All generation facilities constructed or improved pursuant  
6 to this article shall comply with Chapter 1 (commencing with  
7 Section 1720) of Part 7 of Division 2 of the Labor Code.

8 992.5. (a) If the authority determines that additional electric  
9 generation supply is required to meet the purposes of this chapter,  
10 the authority may undertake the following activities to ensure that  
11 the authority, or any participating party, is able to build, own, and  
12 operate generation facilities as part of a least cost electric supply  
13 policy:

14 (1) (A) Identify suitable sites or renewable energy designation  
15 zones for the construction of generation facilities, taking into  
16 account fuel supply, interconnection, community, feasibility, and  
17 environmental factors.

18 (B) The authority may designate a renewable energy designation  
19 zone on its own motion, by a motion by the Energy Commission,  
20 or by an application of a person who plans to construct an eligible  
21 renewable energy resource within the state. The designation of a  
22 renewable energy designation zone shall serve to identify a feasible  
23 region where one or more generation facilities that are eligible  
24 renewable energy resources may be built that are consistent with  
25 the state's needs and objectives as set forth in the Renewables  
26 Investment Plan adopted pursuant to Section 994.

27 (C) In addition to designating zones, the authority may rank  
28 renewable energy designation zones based on the following criteria:

29 (i) Total capacity of generation projects that are in the  
30 Independent System Operator generation queue for each of the  
31 renewable energy designation zones.

32 (ii) Fuel diversity.

33 (iii) Distance to the nearest possible Independent System  
34 Operator transmission bulk facility.

35 (iv) Potential viable transmission route.

36 (v) Order of magnitude of transmission cost per megawatt for  
37 the designated renewable energy designation zone to deliver  
38 electricity from renewable generators to the load centers.

1 (vi) Realistic commercial operating dates for  
2 location-constrained projects and the transmission interconnection  
3 facilities.

4 (vii) Potential impact on the transmission access charge.

5 (viii) Potential operational, congestion, and reliability benefits  
6 of the facility.

7 (ix) Stranded cost risk and potential impact.

8 (x) Alternative means of transmission access from the renewable  
9 energy designation zone to the Independent System Operator grid.

10 (D) The authority shall arrange for the publication of a summary  
11 of any application made for designation in a newspaper of general  
12 circulation in each county where the proposed renewable energy  
13 designation zone would be located, and shall notify all property  
14 owners within, or adjacent to, the renewable energy designation  
15 zone. The authority shall transmit a copy of the application for  
16 designation to all cities, counties, and state and federal agencies  
17 having an interest in the proposed renewable energy designation  
18 zone. The authority shall publish the application for designation  
19 on its Internet Web site, and notify members of the public that the  
20 application is available on the authority's Internet Web site.

21 (E) As soon as practicable after the authority designates a  
22 renewable energy designation zone, it shall do both of the  
23 following:

24 (i) Post a copy of its decision on its Internet Web site and cause  
25 a summary of the notice to be published in a newspaper of general  
26 circulation in each county in which the renewable energy  
27 designation zone and related facilities, or any part thereof,  
28 designated in the notice are proposed to be located.

29 (ii) Send a copy of its decision, including a description of the  
30 renewable energy designation zone to each affected city, county,  
31 state agency, and federal agency, and notify property owners within  
32 or adjacent to the renewable energy designation zone of the  
33 availability of the decision on the authority's Internet Web site.

34 (F) After receiving notice from the authority regarding the  
35 designation or revision of a renewable energy designation zone  
36 within its jurisdiction, each city or county shall consider the  
37 designated zone when making a determination regarding a land  
38 use change within or adjacent to the zone that could affect its  
39 continuing viability to accommodate generation facilities, related  
40 transmission lines, transmission corridor zones, or other facilities

1 appurtenant to the designated zone. Upon receiving the authority's  
2 notification of a proposed renewable energy designation zone, a  
3 city or county may request a fee from the authority to cover the  
4 actual added costs of this review and the authority shall pay this  
5 amount to the city or county.

6 (G) After the authority designates a renewable energy  
7 designation zone, it shall identify that zone in its subsequent  
8 Renewables Investment Plans adopted pursuant to Section 994.  
9 The Energy Commission shall display the renewable energy  
10 designation zone in the strategic plans adopted pursuant to Section  
11 25324 of the Public Resources Code.

12 (H) If, upon regular review or at any other time, the authority  
13 finds that a renewable energy designation zone designation is no  
14 longer needed, the authority shall revise or repeal the designation  
15 and, as soon as practicable, notify the affected cities, counties,  
16 state and federal agencies, and property owners within, or adjacent  
17 to, the renewable energy designation zone.

18 (2) (A) Notwithstanding Chapter 6 (commencing with Section  
19 25500) of Division 15 of the Public Resources Code, certify all  
20 sites and related facilities for all generation facilities that are  
21 eligible renewable energy resources, and facilities appurtenant  
22 thereto, that are within the state that have a minimum generating  
23 capacity of 5 megawatts, including, but not limited to, all  
24 generation facilities in a designated renewable energy designation  
25 zone, including new sites and related facilities and changes or  
26 additions to an existing facility.

27 (B) The issuance of a certificate by the authority shall be in lieu  
28 of any permit, certificate, or similar document required by any  
29 state, local, or regional agency or federal agency to the extent  
30 permitted by federal law, for use of the site and related facilities,  
31 and shall supersede any applicable statute, ordinance, or regulation  
32 of any state, local, or regional agency, or federal agency to the  
33 extent permitted by federal law.

34 (C) The authority shall determine within 30 days of the  
35 application to construct a generation facility within a designated  
36 renewable energy designation zone whether the application is  
37 complete.

38 (D) If the notice or application is determined to be complete,  
39 the authority shall conduct all applicable public and community  
40 involvement processes. After the conclusion of hearings, and no

1 later than 180 days after the date of determination of whether the  
2 application is complete, the authority shall issue a proposed  
3 decision that contains its findings and conclusions regarding all  
4 of the following matters:

5 (i) Conformity of the proposed generation facility and related  
6 facilities with the Renewables Investment Plan adopted pursuant  
7 to Section 994.

8 (ii) Suitability of the proposed generation facility and related  
9 facilities with respect to environmental, public health and safety,  
10 land use, economic, and transmission-system impacts.

11 (iii) Mitigation measures and alternatives as may be needed to  
12 protect environmental quality, public health and safety, the state's  
13 electrical transmission grid, or any other relevant matter.

14 (iv) Other factors that the authority considers relevant.

15 (E) The authority shall issue its final decision on certification  
16 within six months of the date the authority determined that the  
17 application was complete.

18 (3) Secure rights to the sites or renewable energy designation  
19 zones identified, including, but not limited to, fee simple  
20 acquisition, leaseholds, or options.

21 (4) Conduct any studies that may be necessary to construct and  
22 operate generation facilities at the site that are eligible renewable  
23 energy resources, including, but not limited to, environmental,  
24 engineering, or feasibility studies. The designation of a renewable  
25 energy designation zone is subject to the California Environmental  
26 Quality Act (Division 13 (commencing with Section 21000) of  
27 the Public Resources Code). The authority shall be the lead agency  
28 for all generation projects proposed in the designated zone. When  
29 deemed feasible, the authority shall prepare a master environmental  
30 impact report for a designated zone.

31 (5) Conduct, in coordination with the Energy Commission, all  
32 applicable public and community involvement processes.

33 (6) Apply for permits, licenses, or other local, state, or federal  
34 approvals, including, but not limited to, compliance with the  
35 applicable procedures of the Energy Commission.

36 (b) The authority may request proposals from qualified  
37 participating parties to purchase, lease, or otherwise acquire sites  
38 for the purpose of developing generation facilities that are eligible  
39 renewable energy resources and that will provide the lowest cost  
40 electricity to consumers over the life of the facilities, consistent

1 with Section 992. If after 45 days following a request for proposals,  
2 or 45 days after notification pursuant to subparagraph (E) of  
3 paragraph (1) of subdivision (a), if the authority determines it is  
4 necessary and feasible, the authority shall exercise its authority to  
5 build, own, and operate generation facilities as part of a least cost  
6 electrical supply policy.

7 (c) The authority shall comply with all applicable air quality  
8 laws and all environmental regulations.

9 993. (a) In accordance with the provisions of this article and  
10 notwithstanding any other provision of law, the authority shall,  
11 except as provided in subdivision (e), have the exclusive power  
12 to certify all electric transmission lines, remote resource  
13 interconnection lines, electric transmission facilities and facilities  
14 appurtenant thereto, and related facilities in the state, including  
15 new electric transmission lines or transmission corridor zones and  
16 related facilities or changes or additions to existing electric  
17 transmission lines.

18 (b) The issuance of a certificate by the authority shall be in lieu  
19 of any permit, certificate, or similar document required by any  
20 state, local or regional agency, or federal agency to the extent  
21 permitted by federal law, for such use of the site and related  
22 facilities, and shall supersede any applicable statute, ordinance, or  
23 regulation of any state, local, or regional agency, or federal agency  
24 to the extent permitted by federal law.

25 (c) On or after January 1, 2011, no facility or line described in  
26 subdivision (a) shall commence without first obtaining certification  
27 for that site and related facility by the authority.

28 (d) The authority shall certify sufficient sites and related  
29 facilities which are required for the transmission of electricity  
30 sufficient to accommodate the generation projected in the most  
31 recent designation of a renewable energy designation zone, adopted  
32 pursuant to Section 992.5.

33 (e) (1) This section does not apply to any electric transmission  
34 lines or facilities appurtenant thereto for which the commission  
35 has issued a certificate of public convenience and necessity, or  
36 which any local publicly owned electric utility has approved, before  
37 January 1, 2011.

38 (2) This section does not apply to electric transmission lines  
39 that connect generation facilities to the high-voltage transmission



1 grid that are under the siting authority of the Energy Commission,  
2 pursuant to Section 25500 of the Public Resources Code.

3 993.4. (a) The authority may not invest in any electric  
4 transmission lines without first receiving specific statutory  
5 authorization to do so on a project-by-project basis.

6 (b) All electric transmission lines constructed or improved  
7 pursuant to this division shall comply with Chapter 1 (commencing  
8 with Section 1720) of Part 7 of Division 2 of the Labor Code.

9 993.5. (a) If the authority determines that an additional electric  
10 transmission line is required to meet the purposes of this chapter,  
11 the authority may undertake the following activities to ensure that  
12 the authority, or any participating party, is able to build, own, and  
13 operate transmission lines as part of a least cost electric supply  
14 policy:

15 (1) Identify suitable sites for the construction of electric  
16 transmission lines, taking into account the designation of a  
17 renewable energy designation zone, interconnection, community,  
18 feasibility, and environmental factors.

19 (2) Identify the site for an electric transmission line or a  
20 transmission corridor zone on its own motion, by a motion by the  
21 Energy Commission, or by application of a person who plans to  
22 construct an electric transmission line within the state. The  
23 designation of a site for an electric transmission line or a  
24 transmission corridor zone shall serve to identify a feasible corridor  
25 where one or more future electric transmission lines can be built  
26 that are consistent with the state's needs and objectives as set forth  
27 in the Renewables Investment Plan adopted pursuant to Section  
28 994.

29 (3) Require an application to site the electric transmission line  
30 be submitted to the authority. The application shall be in the form  
31 prescribed by the authority, shall be supported by any information  
32 that the authority may require, and shall require a showing that the  
33 site being applied for is consistent with the Renewables Investment  
34 Plan adopted pursuant to Section 994.

35 (4) Secure rights to the sites identified, including, but not limited  
36 to, fee simple acquisition, leaseholds, or options.

37 (5) Conduct any studies that may be necessary to construct and  
38 operate electric transmission lines and transmission corridor zones,  
39 including, but not limited to, environmental, engineering, or  
40 feasibility studies. The designation of the site for an electric

1 transmission line and facilities appurtenant thereto or transmission  
2 corridor zones is subject to the California Environmental Quality  
3 Act (Division 13 (commencing with Section 21000) of the Public  
4 Resources Code). The authority shall be the lead agency for all  
5 electric transmission lines and facilities appurtenant thereto and  
6 transmission corridor zones pursuant to this chapter. The authority  
7 shall conduct a programmatic environmental impact report, for  
8 each designated electric transmission line.

9 (6) Conduct, in coordination with the Energy Commission, all  
10 applicable public and community involvement processes.

11 (7) Apply for permits, licenses, or other local, state, or federal  
12 approvals, including, but not limited to, compliance with the  
13 applicable procedures of the Energy Commission.

14 (8) (A) Utilize the bond authority provided in this division,  
15 under terms and conditions approved by the authority, to acquire,  
16 construct, enlarge, remodel, renovate, alter, improve, furnish,  
17 equip, own, maintain, manage, repair, operate, lease as lessee or  
18 lessor, or regulate electric transmission lines.

19 (B) The rates, rents, fees, and charges associated with the  
20 investment in electric transmission lines shall be established and  
21 adjusted to ensure compliance with subdivision (e) of Section  
22 991.7.

23 ~~(8)~~

24 (9) Request proposals from qualified participating parties to  
25 purchase, lease, or otherwise acquire sites for the purpose of  
26 developing electric transmission facilities that will provide the  
27 lowest cost power to consumers over the life of the facilities,  
28 consistent with Section 992.

29 (b) When considering whether to designate a site for an electric  
30 transmission line and facilities appurtenant thereto or transmission  
31 corridor zones pursuant to this section, the authority shall confer  
32 with cities and counties, federal agencies, and California Native  
33 American tribes to identify appropriate areas within their  
34 jurisdictions that may be suitable for designation. The authority  
35 shall, to the extent feasible, coordinate efforts to identify long-term  
36 transmission needs of the state with the land use plans of cities,  
37 counties, federal agencies, and California Native American tribes.  
38 The authority shall not propose any facility within the jurisdiction  
39 of a California Native American tribe without the approval of the  
40 California Native American tribe.

1     994. (a) By January 1, 2011, and annually thereafter, the  
2 authority shall, in consultation with the Energy Commission and  
3 the Independent System Operator, develop a Renewables  
4 Investment Plan and submit that plan to the Governor and the Joint  
5 Legislative Budget Committee and the chairs of the policy  
6 committees with jurisdiction over energy policy in the State of  
7 California.

8     (b) The Renewables Investment Plan shall take into account  
9 California's anticipated needs, over the next decade, for electricity  
10 generated by eligible renewable energy resources and the need for  
11 transmission to deliver the electricity generated to retail customers.  
12 The plan shall address issues regarding adequacy of supply,  
13 storage, reliability of service, grid congestion, and environmental  
14 quality. In developing the investment plan, the authority shall  
15 compare the costs of various energy resources, including a  
16 comparison of the costs and benefits of demand reduction strategies  
17 with the costs and benefits of additional generation supply. The  
18 plan shall acknowledge the potential volatility of fossil fuel prices  
19 and the value of resources that avoid that price risk.

20     (c) The plan shall outline a strategy for cost-effective  
21 investments, using the financing powers provided to the authority  
22 by this article. The plan may recommend changes to the specific  
23 expenditure authority granted in this article in order to carry out  
24 the investment strategy contained in the plan.

25     (d) The plan shall be developed with input from interested  
26 parties at scheduled public hearings of the authority. The authority  
27 shall adopt the plan by majority vote of the board at a public  
28 meeting. The authority shall update the plan on a regular basis as  
29 determined by the authority.

30     (e) All investments made by the authority under this article shall  
31 be consistent with the strategy outlined in the Renewables  
32 Investment Plan. Nothing in this section shall preclude the authority  
33 from exercising its powers prior to the adoption of the initial  
34 Renewables Investment Plan.

35     (f) The authority shall be the agency responsible for ensuring  
36 that the investment strategy outlined in the Renewables Investment  
37 Plan is implemented. To that end, the authority may, on its own  
38 or through a partnership with a participating party, make those  
39 investments necessary to ensure that the plan is implemented.

1 994.5. Nothing in this article shall be construed to obviate the  
2 need to review the roles, functions, and duties of other state energy  
3 oversight agencies and, where appropriate, change or consolidate  
4 those roles, functions, and duties. To achieve that efficiency, the  
5 Governor may propose to the Legislature a Governmental  
6 Reorganization Plan, pursuant to Section 8523 of the Government  
7 Code and Section 6 of Article V of the Constitution.

8 995. (a) There is hereby created in the State Treasury the  
9 Renewables Infrastructure Authority Fund for expenditure by the  
10 authority for the purpose of implementing the objectives and  
11 provisions of this article. For the purposes of subdivision (e), or  
12 as necessary or convenient to the accomplishment of any other  
13 purpose of the authority, the authority may establish within the  
14 fund additional and separate accounts and subaccounts.

15 (b) Except as provided in subdivision (a) of Section 991.2, all  
16 moneys in the fund that are not General Fund moneys are  
17 continuously appropriated to the authority and may be used for  
18 any reasonable costs that may be incurred by the authority in the  
19 exercise of its powers under this article.

20 (c) The fund, on behalf of the authority, may borrow or receive  
21 moneys from the authority, or from any federal, state, or local  
22 agency or private entity, to create reserves in the fund as provided  
23 in this article and as authorized by the board.

24 (d) The authority may pledge any or all of the moneys in the  
25 fund (including in any account or subaccount) as security for  
26 payment of the principal of, and interest on, any particular issuance  
27 of bonds issued pursuant to this article.

28 (e) The authority, may, from time to time, direct the Treasurer  
29 to invest moneys in the fund that are not required for the authority's  
30 current needs, including proceeds from the sale of any bonds, in  
31 any securities permitted by law as the authority shall designate.  
32 The authority also may direct the Treasurer to deposit moneys in  
33 interest-bearing accounts in state or national banks or other  
34 financial institutions having principal offices in this state. The  
35 authority may alternatively require the transfer of moneys in the  
36 fund to the Surplus Money Investment Fund for investment  
37 pursuant to Article 4 (commencing with Section 16470) of Chapter  
38 3 of Part 2 of Division 4 of the Government Code. All interest or  
39 other increment resulting from an investment or deposit shall be  
40 deposited in the fund, notwithstanding Section 16305.7 of the

1 Government Code. Moneys in the fund shall not be subject to  
2 transfer to any other fund pursuant to any provision of Part 2  
3 (commencing with Section 16300) of Division 4 of the Government  
4 Code, excepting the Surplus Money Investment Fund.

5 996. For the purposes provided in this division, the authority  
6 is authorized to incur indebtedness and to issue securities of any  
7 kind or class, at public or private sale by the Treasurer, and to  
8 renew the same, provided that all such indebtedness, howsoever  
9 evidenced, shall be payable solely from revenues. The authority  
10 may issue bonds for the purposes of this division in an amount not  
11 to exceed six billion, four hundred million dollars  
12 (\$6,400,000,000), exclusive of any refundings.

13 996.1. In addition to the powers otherwise provided in this  
14 article, the authority may, in connection with the issuance of bonds,  
15 do all of the following:

16 (a) Issue, from time to time, bonds payable from and secured  
17 by a pledge of all or any part of the revenues in order to finance  
18 the activities authorized by this article, including, without  
19 limitation, an enterprise or multiple enterprises, a single project  
20 for a single participating party, a series of projects for a single  
21 participating party, a single project for several participating parties,  
22 or several projects for several participating parties, and to sell those  
23 bonds at public or private sale by the Treasurer, in the form and  
24 on those terms and conditions as the Treasurer, as agent for sale,  
25 shall approve.

26 (b) Pledge all or any part of the revenues to secure bonds and  
27 any repayment or reimbursement obligations of the authority to  
28 any provider of insurance or a guarantee of liquidity or credit  
29 facility entered into to provide for the payment or debt service on  
30 any bond.

31 (c) Employ and compensate bond counsel, financial consultants,  
32 underwriters, and other advisers determined necessary and  
33 appointed by the Treasurer in connection with the issuance and  
34 sale of any bond.

35 (d) Issue bonds to refund or purchase or otherwise acquire bonds  
36 on terms and conditions as the Treasurer, as agent for sale, shall  
37 approve.

38 (e) Perform all acts that relate to the function and purpose of  
39 the authority under this article, whether or not specifically  
40 designated.

1     996.2. Bonds issued under this article shall not be deemed to  
2     constitute a debt or liability of the state or of any political  
3     subdivision thereof, other than the authority, or a pledge of the  
4     faith and credit of the state or of any political subdivision, other  
5     than the authority, but shall be payable solely from the funds herein  
6     provided therefor. All bonds issued under this division shall contain  
7     on the face thereof a statement to the following effect: “Neither  
8     the faith and credit nor the taxing power of the State of California  
9     or any local agency is pledged to the payment of the principal of  
10    or interest on this bond.” The issuance of bonds under this article  
11    shall not directly or indirectly or contingently obligate the state or  
12    any political subdivision thereof to levy or to pledge any form of  
13    taxation whatever therefor or to make any appropriation for their  
14    payment. Nothing in this section shall prevent nor be construed to  
15    prevent the authority from pledging its full faith and credit to the  
16    payment of bonds or issue of bonds authorized pursuant to this  
17    article.

18    996.5. The authority is authorized to obtain loans from the  
19    Pooled Money Investment Account pursuant to Sections 16312  
20    and 16313 of the Government Code. These loans shall be subject  
21    to the terms negotiated with the Pooled Money Investment Board,  
22    including, but not limited to, a pledge of authority bond proceeds  
23    or revenues.

24    997. The authority may not finance or approve any new  
25    program, enterprise, or project on or after December 31, 2020,  
26    unless authority to approve such an activity is granted by statute  
27    enacted on or before January 1, 2021.

28    SEC. 7. No reimbursement is required by this act pursuant to  
29    Section 6 of Article XIII B of the California Constitution because  
30    certain costs that may be incurred by a local agency or school  
31    district will be incurred because this act creates a new crime or  
32    infraction, eliminates a crime or infraction, or changes the penalty  
33    for a crime or infraction, within the meaning of Section 17556 of  
34    the Government Code, or changes the definition of a crime within  
35    the meaning of Section 6 of Article XIII B of the California  
36    Constitution.

37    With respect to certain other costs, no reimbursement is required  
38    by this act pursuant to Section 6 of Article XIII B of the California  
39    Constitution because a local agency or school district has the  
40    authority to levy service charges, fees, or assessments sufficient

- 1 to pay for the program or level of service mandated by this act,
- 2 within the meaning of Section 17556 of the Government Code.

O